A/58/15

United Nations

United Nations Conference on Trade and Development

Report of the Trade and Development Board

Twenty-ninth to thirty-second executive sessions, twentieth special session and fiftieth session

General Assembly

Official Records
Fifty-eighth Session
Supplement No. 15 (A/58/15)

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United Nations • New York, 2004

Note

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ISSN 0503-4116

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Part one
Report of the Trade and Development Board on its twenty-ninth executive session (Geneva, 13 September 2002)*

* Originally issued under the symbol TD/B/EX(29)/3.

Chapter I

Contribution of the United Nations Conference on Trade and Development to the United Nations New Agenda for the Development of Africa in the 1990s: Activities of the United Nations Conference on Trade and Development in favour of Africa

1. For its consideration of this item, the Board had before it the following documentation:

> Contribution of the United Nations Conference on Trade and Development to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Activities undertaken by the United Nations Conference on Trade and Development in favour of Africa: report of the Secretary-General of the United Nations Conference on Trade and Development (TD/B/EX(29)/2).

2. The **Special Coordinator for Africa**, in introducing the report, stated that UNCTAD had been providing substantial support to the New Partnership for Africa's Development (NEPAD) secretariat through the provision of studies and analyses related to market access, diversification and capital flows. Since NEPAD would in all likelihood form the basis for the successor arrangement to the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), support by the international community would be concentrated in areas identified by the African countries. Inter-agency activities would also be geared to that purpose. The UNCTAD secretariat had already played an active role in contributing to the final review of UN-NADAF, which would be conducted in a Committee of the Whole to be established by the General Assembly for that purpose, and had made significant contributions to the work of the Panel of Eminent Personalities set up for the review. He drew special attention to recent developments in the Joint Integrated Technical Assistance Programme (JITAP), and recalled the positive independent evaluation of the Programme undertaken in 2000 and 2002, along with the recommendation of the evaluation team to expand the programme to cover other African countries. The JITAP Common Trust Fund Steering Group, made up of donors and beneficiaries and the three executing agencies, had met on 25 June 2002 and had concurred with the overall conclusion of the evaluators, calling on the three executing agencies to prepare detailed proposals for a successor arrangement to JITAP to be presented to the Common Trust Fund Steering Group in October 2002. With regard to recent developments in debt management, UNCTAD had accelerated its cooperation with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa and Pôle Dette in the context of subregional cooperation between the Debt Management Financial Analysis System (DMFAS) programme and subregional groupings in Africa. A memorandum of understanding was being signed between Pôle Dette and UNCTAD.

3. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, said that Africa accounted for 34 out of the world's 49 least developed countries, which were characterized by the weakest human development indicators, the highest burden of unsustainable debt, the worst terms of trade, the most marginal participation in the international trade system and the least attractive environment for foreign direct investment. African countries themselves were taking the initiative

in the development of their continent. The African Union, the successor organization to the Organization of African Unity, had been launched in July 2002, and the New Partnership for Africa's Development had been adopted to consolidate and accelerate the development process and to forge a new relationship between Africa and the international community. UNCTAD activities provided an important and unique way to support Africa's development and they should be further strengthened, broadened and deepened. UNCTAD assistance in areas related to the World Trade Organization (WTO) was of particular importance, especially in building national negotiation capacities, and, with the support of the donor community, UNCTAD should focus on these aspects through long-term programmes. JITAP had proven to be highly efficient and had produced positive results in the beneficiary countries and there was a need to expand it to cover all African countries. UNCTAD was also invited to envisage expanding the project on capacity-building for diversification and commodity-based development and to explore additional avenues to deal with African concerns in that field. The donor community was invited to provide support for such activities. The Group of 77 and China were satisfied with the results of many of UNCTAD activities, including the Trade Point Programme, the Automated System of Customs Data Entry Control and Management (ASYCUDA), work related to transport and transit, the Advance Cargo Information System (ACIS), DMFAS and the investment policy reviews. The General Assembly's approval of two posts for UNCTAD's subprogramme 9.1 B, "Development of Africa", was a welcome step. Finally, the Group of 77 and China supported Botswana's request to join the Board.

4. The representative of **Denmark**, speaking on behalf of the **European Union**, expressed the Union's readiness to support the implementation of all elements of NEPAD. He welcomed the support given to NEPAD at the World Summit on Sustainable Development and indicated that the peaceful resolution of conflicts in the continent was a fundamental condition for any economic and human development. The European Union appreciated the secretariat's efforts in providing assistance to Africa, but it was a matter for concern that, despite the fact that interregional activities had increased in Africa in 2001, there had been a decline in the proportion of UNCTAD activities devoted to Africa, from 21.6 per cent in 2000 to 18.3 per cent in 2001. UNCTAD was requested to ensure that the share of its activities directed to Africa was substantially increased in 2002-2003. He encouraged the secretariat to continue to strengthen its activities in sensitizing African countries to the development implications of trade negotiation in WTO and indicated that a cooperative effort with other organizations to increase synergies and avoid overlapping was needed in that connection. In addition, developing countries needed support for more general capacity development in other trade-related areas and the design and implementation of relevant national policy reforms, as well as support to overcome supply side constraints. He referred to the importance of the Integrated Framework (IF) and JITAP and encouraged UNCTAD's active role in these two initiatives. Concerning UNCTAD's analytical work, the secretariat was encouraged to strengthen the focus on activities targeting the implementation of national policies within the field of trade and development. Specifically, activities related to best practices and good governance, in the context of NEPAD, should be continued and further strengthened.

5. The representative of **Indonesia**, speaking on behalf of the **Asian Group and China**, pointed out that, while a decade had elapsed since UN-NADAF had been

initiated in 1991, 40 per cent of the African population still had a per capita income of less than one dollar a day. Alleviating poverty in Africa and integrating the region into the global economy were major challenges for the international community. One of the main obstacles to the region's development was the chronic lack of resources, with slow growth limiting the capacity of countries to mobilize sufficient domestic savings and attract foreign direct investment. This made official development assistance (ODA) indispensable for accelerating growth and development in many African countries. He commended UNCTAD's policy analysis and capacity-building activities in Africa. NEPAD provided a sound framework for the international community to extend meaningful and effective assistance to further development in Africa. Donor countries were encouraged to improve their contributions in order that UNCTAD might implement its capacity-building programmes in a manner commensurate with the rising demand for its technical assistance in African countries. To enable African countries to participate meaningfully in international trade, particular attention should be given to strengthening their productive sectors and providing market access for their products.

6. The representative of **South Africa**, speaking on behalf of the **African Group**, noted that the challenges facing Africa were well known and that a consensus had emerged in that connection, partly due to the work that UNCTAD had done to elaborate on the intricacies surrounding Africa's underdevelopment. What was significant however, was that Africans, through the NEPAD strategy, had mapped a path out of this cycle of underdevelopment, and the international community had pledged its support.

7. The results of UN-NADAF had been less than satisfactory. Africa was faced with increasing marginalization, increasing levels of poverty and malnutrition and never-ending cycles of indebtedness. UNCTAD had always proven a reliable and willing partner in assisting African countries, individually and collectively. The NEPAD process had received marked support from UNCTAD. The Group's experiences with the various programmes such as JITAP, the Integrated Framework, the Joint UNCTAD/United Nations Development Programme (UNDP) Programme for Africa and other regional schemes and programmes to assist least developed countries showed that they constituted important inputs in terms of meeting the challenges facing Africa. This had become particularly apparent in connection with Africa's preparations for the Doha Ministerial Conference, the outcome of which was clear evidence that Africa's voice had been heard. The key challenge now would be to expand JITAP to cover more countries. With regard to the Integrated Framework, the Doha Ministerial Conference had called for its expansion to all least developed countries, with a deepening of its focus to address supply side constraints. African countries echoed these sentiments and called on the donor community to act unreservedly to support these programmes. Useful UNCTAD programmes such as the Coordinated African Programme of Assistance on Services (CAPAS), ASYCUDA and ACIS were important in assisting Africa to achieve the levels of economic efficiency required for competitiveness. Despite UNCTAD's quality work on technical assistance in favour of Africa, the Group had deep concerns about the meagre resources with which the organization was expected to deliver results. Other organizations had seen their resource base increase dramatically, even though few of them possessed the competencies found in UNCTAD. With more resources, UNCTAD could meet many of the challenges

facing Africa and other developing countries. He concluded by expressing the African Group's support for the request submitted by Botswana to join the Board.

8. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that, in adopting UN-NADAF, the General Assembly had recognized that it was essential to coordinate activities and develop policies that would contribute to the amelioration of the region's economic and social conditions. The results obtained had, however, been rather modest, and the region's social and economic indicators signified the need for more substantive efforts. Sustained growth had not taken place, with negative trends in a number of countries. Productive capacity had not been strengthened, while health conditions, education and energy resources posed other significant challenges. It was evident that the effective implementation of commitments in those areas was the only way to overcome Africa's chronic problems and face the challenges they generated. The ultimate aim was to generate economic growth and alleviate poverty, and it was only through the joint efforts of Governments and development partners that these objectives would be attained. The Programme of Action adopted at the Third United Nations Conference on the Least Developed Countries stipulated seven commitments as the main guidelines for action and follow-up activities at the local, regional and international levels. The least developed countries had taken note of the secretariat's report concerning UNCTAD's contribution to the implementation of UN-NADAF, which presented the research work and sectoral activities carried out by UNCTAD. Those activities would contribute to strengthening the development base of the least developed countries, especially in Africa. JITAP, TrainForTrade, ASYCUDA, CAPAS and the Integrated Framework, to name a few, were providing value added and should be strengthened and extended to other countries.

9. The representative of the **United States of America** said that the development of Africa was a key priority in United States foreign policy and that NEPAD was an important element in that endeavour. He noted the wide range of technical assistance services provided by UNCTAD to African countries. The report provided a good overview of UNCTAD's technical cooperation and an impressive menu of activities. However, in future reports, more attention must be paid to the logical framework approach and to measurable objectives. Finally, he reiterated his country's support for UNCTAD's contribution to African development.

10. The representative of **Norway** reaffirmed his country's commitment to the development of the African continent and thanked the secretariat for the improvement in its work over the past year. He welcomed NEPAD as a comprehensive development plan, urged the donor community to increase its ODA in support of this initiative and called on the United Nations to step up its activities to ensure the success of NEPAD. In this regard, he voiced concern regarding the resources available to UNCTAD and the limitations thereby imposed on the secretariat's ability to participate actively in the implementation of NEPAD. The report prepared for the Board provided a wealth of information on UNCTAD's activities in different areas, but it listed projects with little attention to priority and did not elaborate on their impact or on why some activities yielded better results than others. There was also a need for more information on how UNCTAD assessed the work of the Panel of Eminent Personalities and how its evaluation would affect UNCTAD's work.

11. The **Special Coordinator for Africa**, referring to the question of impact assessment, pointed out the inherent difficulties in conducting impact assessments, as some activities focused on long-term objectives and did not yield immediate results. However, the annual reviews of UNCTAD's technical cooperation activities provided information on the impact of UNCTAD's activities and, wherever possible, reference was made thereto in the reviews of UNCTAD's activities in favour of Africa. A case in point was JITAP, which was subject to an intensive assessment of all its activities. The secretariat took note of the concerns voiced in this connection and would follow up. As for the work of the Panel of Eminent Personalities, the Panel had been appointed by the Secretary-General and he was not in a position to assess the Panel's evaluation. Its economic analysis, however, drew heavily on UNCTAD's research and analysis as well as on the work of other organizations and would form the basis of the deliberations during the forthcoming meeting of the Committee of the Whole later in September. As NEPAD became the successor arrangement to UN-NADAF, he hoped that the General Assembly would indicate benchmarks against which to measure the programme's achievements.

Action by the Board

12. The Board took note of the report of the Secretary-General of UNCTAD, as contained in document TD/B/EX(29)/2, and of the statements made in that connection.

Chapter II

Other matters in the field of trade and development

Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-fifth session

13. For its consideration of this item, the Board had before it the following documentation:

> Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-fifth session (ITC/AG/(XXXV)/191).

14. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, said that the documentation of the International Trade Centre UNCTAD/WTO should be translated into all official United Nations languages, including Arabic and Chinese. The Board should take the necessary decision in this respect so that the appropriate budgetary action could be taken.

15. The representative of **China** agreed that the documentation of the International Trade Centre UNCTAD/WTO should be translated into all official United Nations languages. That would require a joint decision by UNCTAD and the World Trade Organization (WTO). It should also be borne in mind that the documents of the Centre formed part of the official documentation of the Board's session and should therefore be issued in all official languages.

16. The representative of **Denmark**, speaking on behalf of the **European Union**, said that the International Trade Centre UNCTAD/WTO was delivering valuable technical assistance to developing countries. Its assistance was particularly important for the private sector and for developing countries' efforts to overcome supply side constraints and develop their export potential. The Centre should pursue its efforts, in cooperation with UNCTAD and other international organizations. With regard to translation of its documentation, all budgetary implications of translation into two additional languages would have to be examined.

17. The **Deputy Secretary-General of UNCTAD** said that resources for translation were not included in UNCTAD's budget. All the Board could do would be to convey a request concerning translation of the Centre's documentation to the appropriate budget bodies at Headquarters.

18. The **Executive Director of the International Trade Centre UNCTAD/WTO** said that the Centre had drawn attention to the financial implications of increasing the number of languages used for its documentation. It was now for member States to decide how they wished to proceed.

Action by the Board

19. The Board took note of the report of the Joint Advisory Group on its thirty-fifth session, noting that the question of the translation of the documentation of the International Trade Centre UNCTAD/WTO into six languages would be taken up in the context of the budget.

Chapter III
Other business

Information on the activities of the Advisory Body established in accordance with paragraph 166 of the Bangkok Plan of Action

20. The **President** said that the Advisory Body had met four times in 2002 to review the final evaluation of the first training course held in 2001 and to establish procedures for the conduct of six training courses in 2002-2003. It had taken note of the decision taken by the General Assembly at its fifty-sixth session in 2001 to make funds available from the Development Account to conduct training courses in 2002-2003. The Advisory Body had also taken note of the final evaluation of the first training course conducted by the secretariat (TD/B/EX(28)2/Add.2). In particular, it had noted the positive impact the course had had on the work of many participants and their contribution to the overall objectives of their departments in their capitals.

21. The Advisory Body had decided that six courses would be held in 2002-2003. Three courses were planned for 2002, with the first conducted in Geneva and Turin in July and August for 39 participants, with a focus on trade and development. Two regional courses had been approved, one in Santiago, scheduled for October, and the other in Bangkok, scheduled for November. However, the Advisory Body had decided to postpone the Santiago course until early 2003 to ensure a suitable number of participants. The preparations for the course to be held in Bangkok were at an advanced stage.

22. The Advisory Body would meet later in the year to decide on the venue and focus of the remaining three training courses for 2003.

Capacity-building and technical cooperation programme for developing countries, especially least developed countries, and economies in transition, in support of their participation in the Doha work programme of the World Trade Organization

23. The representative of **Sri Lanka** said that her delegation had welcomed the capacity-building and technical cooperation programme related to the Doha work programme. Unfortunately, as a result of constraints beyond the secretariat's control, some of the programme's objectives had not been achieved. It would therefore be useful to have an evaluation of what had been undertaken thus far and an indication of the activities foreseen in the coming period. The Doha agenda involved a number of deadlines, so it was important that the developing countries be provided with assistance as quickly as possible.

Chapter IV

Institutional, organizational, administrative and related matters

(Agenda item 4)

A. Opening of the session

24. The twenty-ninth executive session of the Trade and Development Board was opened on 13 September 2002 by Mr. Nathan Irumba (Uganda), Acting President of the Board.

B. Bureau of the twenty-ninth executive session

25. The Bureau of the Board at its twenty-ninth executive session was as follows:

Acting President:

Mr. Nathan Irumba (Uganda)*

Vice-Presidents:

Mr. Iouri Afanassiev (Russian Federation)
Mr. Toufik Ali (Bangladesh)
Mr. Federico Alberto Cuello Camilo (Dominican Republic)
Mr. Douglas M. Griffiths (United States of America)
Mrs. Eleanor M. Fuller (United Kingdom of Great Britain and Northern Ireland)
Mr. Virasakdi Futrakul (Thailand)
Mr. Toshiyuki Iwado (Japan)
Mr. Kalman Petocz (Slovakia)
Mr. Jacques Scavee (Belgium)

Rapporteur:

Mr. Federico Perazza Scapino (Uruguay)

C. Adoption of the agenda

26. The Board adopted the provisional agenda for its twenty-ninth executive session (TD/B/EX(29)/1). The agenda was thus as follows:

1. Adoption of the agenda.
2. Contribution of the United Nations Conference on Trade and Development to the United Nations New Agenda for the Development of Africa in the 1990s: Activities of the United Nations Conference on Trade and Development in favour of Africa.

* Mr. Ali Said Mchumo (United Republic of Tanzania) was elected President of the Board at the forty-eighth session but left Geneva to take up another assignment prior to the twenty-ninth executive session. He was replaced by Mr. Nathan Irumba (Uganda), in accordance with rule 22 of the rules of procedure of the Board.

3. Other matters in the field of trade and development:

   Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-fifth session.

4. Institutional, organizational, administrative and related matters:

   (a) Designation of the President and Bureau of the forty-ninth session of the Trade and Development Board;

   (b) Membership of the Trade and Development Board;

   (c) Membership of the Working Party for 2003;

   (d) Membership for 2003 of the Advisory Body established in accordance with paragraph 166 of the Bangkok Plan of Action;

   (e) Administrative and financial implications of the actions of the Board.

5. Other business:

   Information on the activities of the Advisory Body established in accordance with paragraph 166 of the Bangkok Plan of Action.

6. Report of the Board on its twenty-ninth executive session.

D. Institutional, organizational, administrative and related matters

(a) Designation of the President and Bureau of the forty-ninth session of the Trade and Development Board

27. Mr. Dimiter Tzantchev (Bulgaria) was nominated as President designate of the Trade and Development Board at its forty-ninth session.

(b) Membership of the Trade and Development Board

28. Botswana became a member of the Trade and Development Board.

(c) Membership of the Working Party for 2003

29. The Board elected the following countries to membership of the Working Party for 2003: Bangladesh, Belarus, Benin, China, Cuba, Ethiopia, France, Honduras, the Islamic Republic of Iran, Japan, Mexico, the Netherlands, Pakistan, Poland, the Russian Federation, Spain, Tunisia, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

(d) Membership for 2003 of the Advisory Body established in accordance with paragraph 166 of the Bangkok Plan of Action

30. The Board appointed the members of the Advisory Body set up in implementation of paragraph 166 of the Bangkok Plan of Action, as follows: Mr. Dimiter Tzantchev, Bulgaria (President of the Board); Mr. Iouri Afanassiev, Russian Federation; Mr. Joshua Setipa, Lesotho; Mr. Sipho George Nene, South Africa; Mr. Ousmane Camara, Senegal; Mr. Camilo Reyes Rodrígez, Colombia; Mr. Rubén Núñez, Dominican Republic; Mr. Carlos Pérez del Castillo, Uruguay; Dr. Toufiq Ali, Bangladesh; Mr. Shaukat Umer, Pakistan; Mr. Prasad Kariyawasam,

Sri Lanka; Mr. Jennes de Mol, Netherlands; Mr. Knut Langeland, Norway; Mr. Stefano Lazzarotto, Switzerland.

(e) Administrative and financial implications of the actions of the Board

31. The Board was informed that there were no additional financial implications arising from the work of its twenty-ninth executive session.

E. Report of the Board on its twenty-ninth executive session

32. The Board authorized the Rapporteur to prepare the report on its session under the authority of the President.

Annex

Attendance*

1. The following States members of UNCTAD, members of the Trade and Development Board were represented at the session:

Argentina
Bangladesh
Congo
Côte d'Ivoire
Croatia
Democratic Republic of the Congo
Egypt
Ecuador
Ethiopia
Finland
Guatemala
Indonesia
Israel
Malta
Oman
Panama
Poland
Portugal
Singapore
Spain
Sri Lanka
Syria
The former Yugoslav Republic of Macedonia
Yemen

2. The following States members of UNCTAD, not members of the Trade and Development Board, were represented at the session:

Brunei Darussalam
Holy See
Mozambique
Rwanda

3. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States
European Commission
League of Arab States
Organization of the Islamic Conference
Organization of African Unity
Organisation Internationale de la Francophonie
South Centre

4. The following specialized agency and related organization were represented at the session:

United Nations Industrial Development Organization
World Trade Organization

5. The United Nations Relief and Works Agency for Palestine Refugees in the Near East, the Office of the United Nations High Commissioner for Human Rights and the International Trade Centre UNCTAD/WTO were represented at the session.

6. The following specialized non-governmental organizations were represented at the session:

General category

Exchange and Cooperation Centre for Latin America
International Confederation of Free Trade Unions

* For the list of participants, see TD/B/EX(29)/Misc.1.

Part two
Report of the Trade and Development Board on its thirtieth executive session (Geneva, 2-4 December 2002)*

* Originally issued under the symbol A/58/15 (Part I).

Chapter I

Agreed conclusions adopted by the Board at its thirtieth executive session

Escaping the poverty trap: National and international policies for more effective poverty reduction in the least developed countries

Agreed conclusions 473 (EX-30)

The Trade and Development Board,

Takes note with appreciation of the *Least Developed Countries 2002 Report* entitled: "Escaping the Poverty Trap", and commends the UNCTAD secretariat for the high-quality analysis and policy recommendations contained in the Report.

Having considered the Report, the Board adopts the following agreed conclusions.

1. The Board emphasizes the importance of speedy implementation by all stakeholders of the Millennium Declaration and the Brussels Declaration and Programme of Action, as well as provisions of particular importance to LDCs in the Doha Ministerial Declaration, the Monterrey Consensus, and the Johannesburg Declaration. It calls on UNCTAD, within its mandate and in cooperation with other international organizations, to play its full part in these endeavours.

2. Increased efforts should be made to ensure that LDCs are able to achieve the poverty reduction goals contained in the Brussels Programme of Action and in the Millennium Declaration. This requires, *inter alia,* achieving sustained economic growth that increases and eventually doubles average household incomes.

3. At the national level, the LDCs, which have the primary responsibility for the formulation and effective implementation of national policies and priorities for their growth and development, need to consider carefully the general policy orientations recommended in the LDC Report 2002, which calls for a reduction of poverty through long-term development strategies including more growth-oriented macroeconomic policies, sectorally focussed productive capacity building, an investment-friendly environment, vigorous trade diversification and promotion policies, and policies to ensure inclusion and good governance. These need to be undertaken with the support of the LDCs' development partners and within their national development framework.

4. It is recognized that the LDCs, with the support of their development partners, need to consider carefully the general policy orientations recommended in the LDC Report 2002. In order to boost national resources, the cornerstone of development, the Board recognizes that debt relief and official development assistance (ODA) can play a critical role. It welcomes the Heavily Indebted Poor Countries (HIPC) Initiative and stresses the need for its speedy implementation and a durable solution to the problem of indebtedness of the poorest countries. These measures should be supplemented by meaningful market access for LDCs.

5. The Board expresses its concern about falling commodity prices and their negative effects on LDCs' efforts to fight poverty. The international community should consider appropriate measures in order to overcome these negative effects.

The Board underlines the importance of international support for national efforts aimed at improving supply capabilities and rationalizing supply through such approaches as minimum quality standards and horizontal and vertical diversification.

6. Streamlining donor practices in terms of aid delivery is an important prerequisite for the success of national poverty reduction strategies. Aid flows should be provided in a more predictable manner with long-term commitments. It is essential for LDCs to establish systems of aid performance monitoring to improve the level, quality and effectiveness of development aid.

7. The LDCs should assume strengthened ownership and autonomy - through building state capacities — in designing, sequencing and implementing their development policies in order to break out of the poverty trap. The Poverty Reduction Strategy Paper (PRSP) approach is an evolving process and the Board welcomes the renewed emphasis on poverty reduction. In this context it is essential to put adequate emphasis on ways and means of ensuring and sustaining growth, exports and investment.

8. The Board recommends that UNCTAD should continue within its mandate to support the efforts of LDCs in the ongoing process of formulating and implementing PRSPs and in this context enhance its collaboration with relevant international organizations giving priority to LDCs.

9. Recognizing the usefulness of the LDC Report, the Board also recommends that the Working Party at its next session should consider the possibility of the annual publication of the LDC report within resources at the disposal of UNCTAD.

938th plenary meeting
4 December 2002

Chapter II

Escaping the poverty trap: National and international policies for more effective poverty reduction in the least developed countries

1. For its consideration of this item, the Board had before it the following documentation:

The Least Developed Countries Report 2002: Escaping the Poverty Trap (UNCTAD/LDC/2002 and Overview) (United Nations publication, Sales No. E.02.II.D.13).

A. Statements

2. The **Secretary-General of UNCTAD** said that development and poverty reduction in the least developed countries was one of the most important global policy issues of our times. In the second half of the 1990s, about half the population in the LDCs was living on less than $1 a day. One in 10 children died before their first birthday, and average life expectancy was only 50 years. Extreme poverty was widespread, and its incidence was rising in African LDCs. The situation in the LDCs was an affront to humanity and a threat to global security, and it implied major flaws in the current form of globalization. He underlined the challenge of meeting the Millennium Declaration's commitment by the year 2015 to reduce by half the proportion of the population living on less than $1 a day. What happened in the LDCs was central to achieving that commitment, because the problem of $1-a-day poverty was increasingly an LDC problem.

3. UNCTAD had been analysing the special problems of the LDCs since 1971. The Programme of Action adopted by the Third United Nations Conference on the LDCs (Brussels, 2001) stipulated that the Millennium Development Goals should be achieved not only globally, but also within the LDCs as a group. UNCTAD was continuing its involvement in efforts to implement the Programme of Action and the new framework for development partnership agreed at the Conference. This commitment was exemplified by the *Least Developed Countries Report 2002*, with its emphasis on the implications of the poverty trap.

4. In drafting the Report, the UNCTAD secretariat had devised a precise method for assessing poverty trends in the LDCs, and the Report thus provided a stronger analytical foundation for achieving the overarching goal of the Programme of Action, namely, poverty reduction. It would also help to increase awareness of the difficulties that LDCs and their development partners were likely to confront in their attempts to secure effective benefits for the least developed countries by virtue of their LDC status.

5. UNCTAD was also strengthening its analysis of the interrelationship between trade and poverty reduction in the LDCs. The aim was to facilitate the adoption of appropriate trade policies by the LDCs and of international support measures enabling trade to become an engine of growth and poverty reduction.

6. The main results he expected from the Board's session were a greater understanding of the issues, a greater consensus on the best ways to move forward and a greater political commitment to do so. He hoped the results would be achieved in three major areas. The first area concerned the importance of sustained economic

growth and development for effective poverty reduction in the LDCs. The second area was the importance of the link between primary commodity dependence and poverty. One of the key findings of the Report was that, amongst the LDCs, the share of the population living in extreme poverty was highest in those countries that depended on primary commodity exports for their economic survival and development. The third area was the link between the socioeconomic marginalization of the poorest countries and the difficulties faced by more advanced developing countries in sustaining their own development. Progress in this regard would reduce oversupply in commodity markets and also enhance market opportunities for LDCs.

7. Addressing the socioeconomic marginalization and extreme poverty of the LDCs would require not only differential treatment for them, but also measures to reduce polarization in the global economy. Development strategies should be tailored to the specific needs and circumstances of each country, and affirmative action vis-à-vis the LDCs was one of the pillars of the multilateral approach.

8. The **Head of the** Special **Programme for Least Developed, Landlocked and Island Developing Countries** said that the Report before the Board was the first comprehensive analysis of poverty in the LDCs. It measured the incidence and depth of poverty precisely and identified trends over time and differences among LDCs. The Report was based on a new set of poverty estimates, and these suggested that the proportion of the population living on less than a dollar a day had been underestimated in the very poorest countries, and in particular in Africa.

9. Three key issues raised in the Report were: the opportunity for poverty reduction; the nature of the challenge that must be addressed to realize that opportunity; and the adequacy of current national and international policies to meet the challenge and seize the opportunity. On opportunity, the Report showed that, at very low levels of income per capita, a doubling of average household incomes could slash $1-a-day poverty rates. On challenges, he said that, to realize this opportunity, countries must escape the poverty trap in which they were caught. This trap existed because pervasive extreme poverty had effects that in turn perpetuated extreme poverty, and the problem was particularly acute in those LDCs that depended on primary commodity exports for their economic survival and development. In all LDCs, pervasive poverty meant that it was difficult to mobilize domestic resources to finance private investment, basic infrastructure and essential public services, including good governance. But in commodity-dependent economies, the development task was made even harder by low and unstable commodity prices, the related build-up of unsustainable external debts and the development of an aid/debt service system in which aid was used to finance debt repayment, not development. The Report argued that the current form of globalization was reinforcing the poverty trap and thus exacerbating the problem of the socio-economic marginalization of the poorest countries.

10. Regarding the third key issue, current national and international policies were not going to be sufficient to enable countries to escape the poverty trap and realize the major opportunity for rapid poverty reduction through sustained economic growth. The principles underlying current policies as embodied in the Poverty Reduction Strategy Paper (PRSP) approach — to increase national ownership, partnership and international policy coherence — were the right ones. However, much more must now be done to improve PRSP implementation and to make it work

for effective poverty reduction in LDCs. At the national level, this must involve more developmentalist poverty reduction strategies that sought to increase investment and productivity in key sectors, as well as exports. At the international level, there was a need for increased debt relief; more, and more effective, aid; greater South-South cooperation; and the renewal and recasting of an international commodity policy.

11. Some of the ideas in the Report were controversial. In particular, the Report was less optimistic about the effects of traditional structural adjustment reforms in very poor countries, and less pessimistic about the potential for more activist policy interventions to animate and guide private enterprise, which should be the engine of growth, investment and exports, in support of national development and poverty reduction. But vigorous policy debate on areas of disagreement was important to ensure better policies and outcomes. The Report's approach was pragmatic and undertaken in a spirit of constructive engagement in current policy debates to improve the way things were working. The ideas of the Report had been shared at several multilateral fora, including ECOSOC, as well as workshops and seminars in Geneva, and the report was in considerable demand.

12. The representative of **Benin**, speaking on behalf of the **least developed countries,** welcomed the Report. He highlighted the quality of its analytical content and its depiction of the reality of the socio-economic vulnerability of LDCs. Development efforts in LDCs were being hampered by the weak prices for primary commodities, which constituted the main source of their export earnings. Market access difficulties faced by LDCs were of major concern, and high import tariffs and technical barriers to trade considerably limited the ability of LDCs to increase their export earnings and thus to reduce their poverty.

13. In 2000, net FDI flows into LDCs had decreased by 15 per cent, and the burden of external debt constituted an additional constraint on their development, limiting investment capacity. In order to assist the LDCs' efforts, more ODA should be provided, in line with donors' commitments, and it should be delivered effectively.

14. Concerning adjustment policies, poverty remained unchanged even in countries that had correctly adopted reforms. A number of LDCs had adopted or were now preparing their PRSP, and in that connection PRSP policies required optimal resource mobilization and a more participatory process in order to achieve their objectives. Such an approach would permit the achievement of the poverty reduction goal entailed in the Programme of Action adopted by the Third UN Conference on LDCs, in the Millennium Declaration and at other major international conferences.

15. The representative of **Egypt,** speaking on behalf of the **Group of 77 and China,** praised the Report's analytical work, which opened new pathways to understanding and dealing with the LDCs' problems. She said that poverty was increasing in the LDCs, despite the international community's recognition of their special problems, and without defined and courageous actions from all stakeholders, it might not be possible to achieve the international development goal of halving poverty by 2015.

16. With regard to the issue of national responsibility, LDCs had acknowledged this and were adopting economic reforms aimed at integrating themselves into the

world economy. However, external support such as debt relief, aid and market access remained crucial to ensure their success. Referring to ODA, while praising those developed countries that had respected their commitments, she expressed concern for the decreasing overall ODA trend and called on all stakeholders to shoulder their responsibilities. Effective implementation of the outcome of recent conferences, including duty-free and quota-free market access for LDCs' products, as indicated in the Programme of Action adopted by the Third UN Conference on LDCs, would represent a substantial step forward in supporting the development process.

17. She commended the General Assembly's approval of the establishment of the World Solidarity Fund, which would assist in alleviating the resource deficit and complement the international community's efforts to eradicate poverty. She also noted the role of South-South cooperation as a complement to North-South cooperation. In this context, she praised the developing countries for their efforts to assist the LDCs in spite of their limited resources. However, she warned that if a "glass ceiling" blocked progress in the more advanced developing countries, this would have negative effects on the LDCs.

18. The issue of commodities was crucial for LDCs, as commodities represented the main output of their factors of production. Given the absence of social safety nets and limited savings, and without a minimum level of investment, there was no way to escape the poverty trap. She therefore called on the international community to pay greater attention to the problems of commodity-exporting countries. The solution required two-track action involving long-term assistance for national efforts to diversify and short- and medium-term assistance to find a just solution to protect against commodity price deterioration.

19. Finally, on the question of the biennialization of the Report, she hoped that the Board would reaffirm its importance and that the necessary resources would be provided in order to publish the report on an annual basis.

20. The representative of **Denmark,** speaking on behalf of the **European Union, the countries of Central and Eastern Europe associated to the EU, and Cyprus, Malta and Turkey,** said that the LDC Report was regarded as an important and valuable contribution to policy discussions on LDCs. The aim of the Board's executive session should be to work towards a consensus on poverty reduction policies, while keeping in mind the agreed goals and objectives of the Millennium Declaration, including the central goal of poverty reduction, which should be the overall objective for UNCTAD's work.

21. Regarding the Report, he underlined three issues: opportunities, trade liberalization and coherence. On opportunities, the report made valuable policy recommendations and pointed to important policy decisions to be made by the LDCs, on which the views of LDCs would be of interest. On the issue of trade liberalization, LDCs merited special attention. He agreed with the Report that trade liberalization did not necessarily lead to growth and poverty reduction, but well-managed trade liberalization accompanied by other policy measures was a necessary condition for long-term growth and poverty reduction. The Integrated Framework was as a promising initiative in support of national efforts to integrate trade into national development strategies. On coherence, he expressed hope that the discussion on the links between trade and poverty reduction strategies would

contribute to coherence in that field, and he appreciated participation of the World Bank in the Board's session to support that effort.

22. With regard to poverty reduction, he underlined the necessity of targeted international measures that supported national efforts. On market access, the European Union had taken the Everything but Arms initiative, and it called on others to take similar initiatives in order to give duty-free and quota-free market access to products originating in LDCs. Finally, he welcomed the increased international support for trade capacity building to overcome supply side constraints. He stressed that the EU and its Member States had committed themselves to that agenda, and the European Council had sent a strong signal that the EU was prepared to deliver on the commitments made in Doha, Monterrey and Johannesburg.

23. The representative of **South Africa,** speaking on behalf of the **African Group,** said that the analysis contained in the Report constituted an important contribution to understanding the nature and depth of the problems facing LDCs and provided necessary guidance on where to focus in addressing these challenges. He highlighted the need for deliberate and urgent action in favour of commodity-dependent countries and the need to identify elements of an international commodity policy that could support the achievement of the poverty reduction goal. Sustained growth could only be realized in countries that promoted diversification.

24. If the current global economic environment and associated policies continued unabated, it was most unlikely that LDCs would achieve the poverty reduction goals of the Brussels Programme of Action and the Millennium Declaration. He recalled the need for enhanced productive capacities and employment through increased ODA, speedy and effective debt relief, improved market access, and capacitating institutions of implementation and governance.

25. PRSPs needed to be improved and strengthened in respect of national ownership, policy content and resources. He encouraged donors to meet their commitment on ODA targets contained in the Brussels Programme of Action, and stressed the importance of predictable and untied aid. He looked forward to reaching a consensus on the importance of establishing systems for monitoring donor performance to improve aid quality and effectiveness. That would also contribute to a joint exploration by the LDCs and their development partners of the trade-offs between different levels of external assistance and poverty reduction.

26. Concerning the external debt issue, bilateral and multilateral creditors should cancel all outstanding debt owed by LDCs, and the enhanced HIPC initiative should be implemented fully and speedily. Concerning market access, initiatives such as the Everything but Arms initiative and AGOA were steps in the right direction, but remaining trade barriers (such as tariff escalation, tariff peaks and other complex non-tariff barriers) continued to hamper LDC exports' entry into markets of major trading partners. In this regard, increased market access offers should be supplemented with specific actions to address supply-side constraints, and priority should be given to ensuring that more aid was targeted to productive sectors and economic infrastructure in LDCs.

27. The representative of **Indonesia**, speaking on behalf of the **Asian Group and China**, said that dedicating the Board's executive session to the problems faced by LDCs represented recognition of the challenges faced by the LDCs and the

international community alike. He noted the LDC Report's finding on the doubling of the number of people living on less than a dollar a day over the past 30 years, and emphasized that the income and expenditure of the Asian LDCs' poor were extremely low in a global context. Unless current trends were reversed through appropriate assistance from development partners, most LDCs would be unlikely to achieve the poverty reduction goals. He therefore called for a comprehensive approach, at the national and international level, to resolve the complex development problems facing the LDCs.

28. Escaping the poverty trap was the key to achieving the goal of halving the incidence of extreme poverty by 2015. As $1 a day poverty was falling in large low-income Asian countries, the problem of poverty was increasingly becoming an LDC issue. While the primary responsibility for the formulation and effective implementation of national policies and priorities lay with the LDCs, without adequate international support their efforts would be in vain. While he acknowledged the recent increases in ODA levels compared to the late 1990s, he called for further efforts by donor countries to meet their commitments on ODA targets and on untying and ensuring predictability of such resource flows to LDCs. Priority should be given to ensuring that more aid was targeted to productive sectors and economic infrastructure in order to address supply-side constraints. Regarding the heavy burden of external debt, he urged creditors to cancel all outstanding debt owed by LDCs and called for the full and speedy implementation of the enhanced HIPC initiative.

29. Regarding PRSPs, the process should not be limited to short-term stabilization measures but should strive towards the long-term development of LDCs and poverty reduction. Empirical evidence showed that stringent conditionality and policy requirements did not guarantee sustained development in LDCs. He also stressed the need to ensure ownership and autonomy for LDCs in designing, sequencing and implementing their development policies. He therefore highlighted the need to build and strengthen state capacities to that end. He also called for more attention to be paid to how policy conditionality worked in poor countries. In conclusion, he hoped that UNCTAD would strengthen its analytical research on the problems of LDCs and urged development partners to provide UNCTAD with the necessary resources to continue this research and also to provide technical assistance.

30. The representative of **Haiti**, speaking on behalf of the **Latin American and Caribbean Group**, said the LDC Report 2002 showed that poverty had increased in a number of LDCs and identified a number of factors that could help those countries to escape the poverty trap. Structural adjustment programmes had been adopted by a number of LDCs, but poverty had increased even in LDCs that had been identified as good compliers by the World Bank. A good number of LDCs would not be able to achieve the international development goals set out in the Millennium Declaration and in the Brussels Programme of Action.

31. Concerning LDCs that depended on primary commodity exports, the LDC Report showed that these countries had been affected by increased poverty, weak and unstable export earnings and a high debt burden, which in turn had deepened the income gap between these countries and rich countries over time. Noting that the LDCs that had diversified their exports into manufactures and/or services had succeeded in reducing their poverty levels, and pointing to a link between the

poverty level of a country and its capacity to diversify its production structure, he stressed the importance of a country's export structure for its development efforts.

32. His Group strongly supported the idea according to which harmonization between the build-up of productive capacities and the promotion of local infrastructure should be placed at the centre of development efforts. These elements should be reflected in PRSPs and the Integrated Framework.

33. He stressed that the success of development strategies lay in the hands not only of the LDCs but also (and to a significant extent) of the international community. In this context, the weak level of ODA, the conditional nature of aid, the insufficient level of debt relief, and non-effective market access were important problems. He therefore urged the development partners to increase their efforts with respect to ODA commitments, debt relief and market access facilitation. The developed countries should eliminate import tariffs and quotas and reduce technical barriers to trade, including excessively rigorous sanitary and phytosanitary standards and unnecessarily complex rules of origin. They should also increase aid effectiveness through the elimination of existing policy contradictions, in particular through the elimination of subsidies in both the agricultural and the manufacturing sectors. These subsidies impacted negatively on production and export sectors in LDCs.

34. A good number of Latin American and Caribbean countries depended greatly on exports of non-oil primary products, and emphasis should be placed on assistance in respect of policies that targeted price stabilization for such products and that could contribute to diversification and increased value added of LDC exports. Finally, his Group encouraged the LDCs to take the conclusions of the LDC Report 2002 into account in their poverty reduction strategies, and hoped that international institutions would also seriously consider the findings of the Report.

35. The representative of **Switzerland** said that the LDC Report put forward a number of proposals on ways to break the links between primary commodity dependence, generalized poverty and indebtedness, and he encouraged UNCTAD to deepen its analysis in these areas. Concerning the underestimation of the role of economic growth as an engine for poverty reduction, donors and international financial institutions had already shown concern on the issue.

36. The LDC Report was right with regard to the need for greater national ownership and participation in defining and coordinating development policies and strategies. However, aid conditionality in respect of good governance and structural reform should stimulate LDC authorities in undertaking innovative and courageous decisions.

37. The LDC Report's approach seemed rather pessimistic concerning the ability of national measures to improve the situation, and so the LDCs were not sufficiently encouraged to undertake reform. The potential benefits of regional and South-South cooperation did not receive sufficient attention, and the Report developed a rather critical view on the PRSP approach. The PRSP process faced a number of problems, but efforts were being made in the beneficiary countries to enhance its efficiency.

38. In order to ensure the efficiency of national, regional and international policies, particular attention should be given to conflict prevention and conflict resolution, as conflicts were currently hampering development efforts in too many LDCs. The same applied to the population growth problem. Finally, the formation of

a wide national, regional, and international alliance involving bilateral and multilateral institutions, as well as the public and the private sectors, was a precondition for the success of the Brussels Programme of Action.

39. The representative of **Norway** said that, by devoting an executive session of the Board to the least developed countries, UNCTAD confirmed that it placed the interests of the poorest and most vulnerable countries at the top of its agenda. The LDC report was a thought-provoking analysis that advanced understanding of current approaches to poverty reduction and contributed to the achievement of the Millennium Development Goals. He welcomed the emphasis in the Report on a development-oriented approach, but such an approach was complementary to adjustment-oriented approaches, because development could only be sustainable in a stable macroeconomic environment. Development-oriented approaches also needed to place greater emphasis on the role of the private sector, and they needed to acknowledge the importance of infrastructure, education and health. Finally, development-oriented approaches that aimed at a reduction in poverty must also address distributive effects. The new poverty estimates put forward by the Report allowed not only a comparison of poverty between countries, but also an evaluation of poverty trends over time. The latter was the crucial challenge with respect to poverty measurement. The success of development-oriented approaches and poverty reduction was strongly dependent on national factors, particularly a system of good governance and the rule of law, but it also depended strongly on international factors. Accordingly, the donor community ought to provide more and more efficient technical cooperation, it ought to increase market access, and it ought to accelerate debt relief. In addition, the international community should tackle seriously the problems faced by LDCs that were strongly dependent on the export of primary commodities.

40. The representative of the **United States of America** said that the LDC Report helped move the development community forward in its efforts to understand and confront the issues facing the LDCs and the challenge of poverty reduction. He welcomed in particular the report's analysis of poverty and its relation with growth in the LDCs However, he encouraged UNCTAD to conduct further research on the factors limiting growth and poverty reduction in the LDCs. The work of his own Government on LDCs revealed great differences in growth among LDCs that could not be explained by levels of poverty and export dependence on non-oil primary commodities alone. Understanding what factors contributed to or inhibited growth and poverty reduction was of extreme importance. He welcomed the fact that UNCTAD's report briefly acknowledged the influence that conflict had on the development of LDCs.

41. His Government honoured the commitments made at the Third UN Conference on Least Developed Countries. The Brussels Programme of Action was an important complement to other development plans, the implementation of which should pay particular attention to trade and investment and the contribution of the private sector, as well as to the national responsibility of LDCs and the need to establish a system of good governance. Finally, he emphasized the need for greater aid effectiveness. The success of the Brussels Programme of Action would depend first and foremost on robust poverty reduction strategies.

42. The representative of **China** said that it was time for the international community to honour the commitments undertaken at recent international

conferences, including the UN Millennium Summit, the Third UN Conference on Least Developed Countries, the WTO Ministerial Meeting, and the UN Conference on Financing for Development. China welcomed the LDC Report and the analysis presented in it. It stressed the role of economic growth for poverty reduction and underlined the importance of productive sector development for economic growth. In order to break out of the poverty trap, countries must assume true ownership of poverty reduction strategies and adjust these strategies to national specificities; they must focus on the development of domestic productive and supply capacities and promote investment; and the international community must support the efforts of the LDCs by honouring its commitments towards them and designing appropriate complementary policies. The development objectives outlined in the Brussels Programme of Action were of particular importance in that context. The developed development partners of the LDCs should take action to further increase market access for LDC exports, but they should also step up international cooperation to deal with the adverse economic effects associated with the unfavourable terms of trade that many LDCs faced. In addition to cooperation between developed countries and LDCs, regional cooperation and South-South cooperation could also play a role in the development of LDCs. In that connection, China was very concerned about the development of the LDCs and would take actions to aid their development. Finally, UNCTAD should play a greater role in the processes associated with the Poverty Reduction Strategy Papers. Close cooperation was also needed between UNCTAD and the Office of the High Representative for LDCs, Landlocked Developing Countries and SIDS, as well as other UN agencies and the international financial institutions. To that end, it was vital that UNCTAD continue and enhance its research and policy analysis work with respect to LDCs.

43. The representative of the **International Monetary Fund** underlined his organization's agreement with much of the LDC Report. The new national-accounts-based poverty estimates that were presented in the report were an important complement to existing estimates of poverty, especially as they allowed for the analysis of trends and highlighted the poverty and growth relation that characterized the LDCs and other low-income countries. He shared UNCTAD's views on the importance of growth-oriented macroeconomic policies and the development of productive capacities. In addition, he agreed with the need for a strategic integration of the LDCs into the world economy. Those policies needed to be complemented by social policies that precluded the marginalization and exclusion of groups and regions in the development process. The IMF remained fully committed to the achievement of the UN Millennium Development Goals, including reducing the incidence of extreme poverty. To that end, the IMF remained engaged in the processes associated with the Poverty Reduction Strategy Papers (PRSPs), and it continued to provide debt relief under the HIPC Initiative. In conclusion, he said that the Report advanced the international community's discussions and was a positive example of how development partners could work together to promote the development objectives embodied in the UN Millennium Declaration.

B. President's summary

44. The Trade and Development Board held its first executive session on LDCs from 2 to 4 December 2002. This executive session of the Board was devoted exclusively to the specific problems faced by LDCs and was held pursuant to the decision taken at the nineteenth special session of the Board, which took place in

Bangkok, Thailand, from 29 April to 2 May 2002. At that special session, the Board decided "... following the publication of the *Least Developed Countries Report*, an executive session of the Board on LDCs, not exceeding three days, will meet to discuss the report ...".

45. The executive session focused on the issues raised in the *Least Developed Countries Report 2002: Escaping the Poverty Trap* with two main objectives: firstly, to make a substantive contribution to the policy debate on poverty reduction strategies, including identifying policy measures at both the national and international levels, to enable LDCs to escape the poverty trap; and secondly, to promote consensus on key elements of effective polices of poverty reduction in LDCs.

46. The executive session of the Board benefited from panel discussions. These addressed three main questions:

- Can current national and international policies meet the challenge of poverty reduction in the LDCs?
- What improvements can be made to the substantive content of national poverty reduction strategies?
- What key improvements can be made to international support measures for LDCs to ensure more effective poverty reduction?

Panelists and resource persons included ministers and policymakers from LDCs and their development partners, as well as from international organizations, international NGOs and academia.

47. Overall the *Least Developed Countries Report 2002* was praised as an excellent analysis ("one of the finest in many years") that made a major contribution to the description and analysis of poverty in LDCs and to the design of appropriate national and international policies to reduce poverty effectively in these countries and achieve the overarching goals of the Programme of Action established at the Third UN Conference on LDCs. Although the picture it painted was bleak, it should be seen as a timely call to action rather than a source of pessimism and despair.

The challenge of poverty reduction and adequacy of current national and international policies to meet the challenge

48. Participants expressed serious concern at the unabated dismal socioeconomic conditions in LDCs, which remain a challenge for the least developed countries themselves and for the international community. If the current trends continue, it is unlikely that most LDCs will achieve the poverty reduction goals of the Programme of Action and the Millennium Declaration. The overarching goal of the Millennium Declaration and the Programme of Action is to make substantial progress toward halving the proportion of people living in extreme poverty and suffering from hunger by 2015 and promote the sustained growth and development of the LDCs through, among other things, significant and steady increases in GDP growth rates in LDCs.

49. There was convergence of views and opinions among participants that when poverty is so severe and affects such a large proportion of the population as it does in most LDCs, it is not simply a result of economic stagnation but also a cause of economic stagnation. The challenge of poverty reduction in the LDCs is rightly seen

as a problem of escaping a poverty trap in which widespread extreme poverty has effects that cause poverty to persist. At the heart of the vicious circle is the lack of domestic resources to promote investment and productivity (which is apparent in very low savings rates), together with the environmental degradation that is occurring as people have to eat into environmental assets to survive. These problems are further accentuated by an unfavourable external economic environment featuring such factors as unsustainable debt burdens, declining financial flows, falling and unstable commodity prices, and lack of market access for exports of LDCs. Geographical disadvantages, including landlockedness, infertile soils and endemic diseases (notably malaria), also add to the problem for many LDCs. Together all this is leading to a deep structural crisis of slow economic growth. The challenge is to get out of the negative dynamic into a positive dynamic of self-sustaining growth.

50. A number of participants expressed the view that market forces cannot do this alone. There is a need for genuine international collaboration to fight poverty. There is also a need for a comprehensive approach to solving complex development problems facing the LDCs such as weak productive capacity, low economic growth, illiteracy, skewed distribution of income, high population growth, environmental degradation, HIV/AIDS, conflicts and political instability.

51. It was recognized that important progress is being made to meet the challenge of poverty reduction within the new partnership framework that has been created through the PRSP approach. Countries such as Rwanda and Uganda are seizing the opportunity for country ownership of national poverty reduction strategies, and moving forward to define priorities in creative ways.

52. However, at the national level, important weaknesses in the current approach are arising because of: the slowness of the adjustment in donor practices to the new PRSP approach; increases in the number of conditions being imposed; the problem of specifying an appropriate macroeconomic framework in situations where much public expenditure is financed from aid; low growth-orientation in the initial PRSPs, which was reflected in the weak integration of trade issues and inadequate attention to the role of the private sector and the investment climate; and generally weak state capabilities. As a result, it is not clear as yet whether the PRSP process is making a positive difference overall. At worst, the process could emasculate the State even further.

53. At the international level, despite the new promises made at Monterrey and Johannesburg, there is still not "a real financial partnership" with rich countries, or sufficient collaboration on science and technology, or an "open and fair" trading system that would help LDCs to export their way out of poverty. With regard to the latter, problems of market access and tariff peaks continue; rich-country agricultural subsidies have had very negative effects on growth potential and poverty in poor countries; non-tariff barriers, particularly phyto-sanitary measures, as well as rules of origin, continue to act as barriers to trade when special preferences for market access have been given. In short, what is happening is a denial of quality integration for the LDCs.

54. It was shown that those LDCs that are heavily dependent on a single commodity or a few commodities for their exports face particular problems. Often these countries have a narrow range of products serving declining or sluggish international markets, resulting in low productivity, low value-added and a

relatively uncompetitive commodity sector in LDCs. The ability of international trade to act as an engine of growth and poverty reduction is being short-circuited in many LDCs by falling and unstable world commodity prices. For example, in the early 1990s, earnirgs of coffee-producing countries were some $10-12 billion and the value of retail sales of coffee, largely in industrialized countries, about $30 billion. Now the value of retail sales exceeds $70 billion but coffee-producing countries only receive $5.5 billion. Producer prices are at the lowest levels in 100 years.

55. Specific mention was also made by panelists of the weaknesses of the Integrated Framework and the HIPC Initiative. The financial resources currently committed to the former were deemed inadequate, given the urgent need to improve supply-side capabilities in the LDCs ($10 million for 49 countries over 7 years). Although the HIPC Initiative has led to lower debt service payments, it is not working owing to deliberately overoptimistic export projections, the slowness with which countries are getting to completion point, when debt relief is irrevocably committed, and inappropriate conditionality, particularly associated with the PRGF. A particular problem is also that there is no mechanism to include all the creditors in the process, and the creditors are now suing some HIPCs to get back debts.

56. It was agreed that national efforts must be at the heart of poverty reduction, but in a globalizing world, favourable international economic relations are essential to escape the poverty trap. But there is too little aid, debt relief, trade and investment, and this, together with asymmetry in international economic relations, is reducing the effectiveness of international flows as a mechanism for escaping the poverty trap. There is much policy incoherence in international initiatives to reduce poverty, so that international support in one form is being undermined in other actions by development partners.

Improving the content of poverty reduction strategies

57. There was a strong consensus that the basis for effective poverty reduction in LDCs is accelerated economic growth and sustained development. From this perspective the PRSP should be seen as a vehicle to deliver economic growth, and it should be rooted in a long-term national development strategy. The PRSP is not a mechanism to redistribute international social welfare. Rather it should be the heart of national strategies for broad-based wealth creation. Development-oriented poverty reduction strategies are thus desirable and should place emphasis on ensuring and sustaining growth, exports and investment and policies to stimulate them. The main problem in LDCs is not that growth is not poverty reducing, but rather that growth itself is lacking.

58. There is no necessary trade-off between growth and poverty reduction, though attention should be given to income distribution issues and also to the initial asset distribution. Participants agreed that the incidence of poverty will fall rapidly if LDCs can achieve a form of economic growth which increases average household incomes and sustain it for long enough to double average household incomes.

59. Economic growth should be based on the encouragement of private investment and sound public investment. Productive capacities need to be enhanced, but this should be done with an eye on the international market situation. Policies should take account of the underdevelopment and uneven development of markets, as well as the quality of governance, including not simply state institutions but also

financial institutions. Efforts should be made to reduce the cost of doing business and also make use of regional markets as a stepping-stone to global competitiveness. The importance of developing human capabilities, "adding value to the population", was also emphasized.

60. It was considered very desirable to put forward alternative macroeconomic frameworks and also to pay closer attention to the macroeconomic effects of increased aid. Elements that would have to be taken into account here included the extent to which aid is being used to increase non-tradeables, the effects on recurrent expenditure, the predictability of aid flows, and also the division between loans and grants.

61. Appropriate macroeconomic policies need to be complemented with sectoral development policies. Particular attention needs to be paid to agriculture and rural development. A promising approach to sectoral development is to ensure that all the ingredients to support enhanced investment and productivity are in place in the right sectors and right locations with the right technologies and the right human capabilities.

62. Panelists also emphasized the importance of incorporating trade in poverty reduction strategies, though they cautioned against this leading to new conditionalities. The trade policy challenge in many LDCs is to upgrade primary commodity exports and at the same time to embark on a vigorous export promotion strategy to exploit dynamically changing comparative advantages, which can be part of a strategy of diversification into exports of labour-intensive manufactures. This could be done fruitfully in the context of relative openness, not complete trade and financial liberalization.

63. There was strong recognition of the importance of capable States. Owing to missing markets, deregulation is not enough. Property rights and contract enforcement are identified as key elements of capable States, as well as the technical ability to elaborate development programmes. It was argued that a capacity needs assessment is valuable. It is important that Governments work hard to ensure transparency and probity in public expenditure, as this will increase confidence of donors.

64. Some participants urged that the LDCs consider carefully the general policy orientations recommended in the *LDC Report 2002*, which seeks to reduce poverty through a development strategy that includes more growth-oriented macroeconomic policies, sectorally focused productive development policies, vigorous export promotion and diversification, and measures to promote inclusion. This should be done in a spirit of dialogue and learning, as the PRSP process is an evolving one. Efforts of LDCs, together with the support of their development partners, will promote implementation of the commitments and actions contained in the Programme of Action by translating them into specific measures within their national development framework and poverty eradication strategy.

Improving international support measures

65. While the slight increase in ODA levels in recent years, especially as compared to the declining levels attained in the late 1990s, is a step in the right direction, participants emphasized the need for renewed and strengthened efforts by donor countries to meet as expeditiously as possible their commitments on ODA

targets contained in the Programme of Action in view of the critical role of ODA in financing development in LDCs and the slow and geographically concentrated increase in private capital flows.

66. Panelists asserted that the PRSPs will not work if aid continues on a business-as-usual basis. A number of constructive proposals were made in this regard. More attention needs to be paid to conditionality, particularly to get rid of micro-management of development programmes. It was also strongly argued that aid will support national objectives more if it is increasingly channelled through budgets and project aid increasingly aligned with national priorities. There is a need for greater predictability in aid flows and also longer-term commitments. Aid shortfalls in relation to commitments are currently the largest source of shocks to low-income countries. The implementation of commitments to untie aid is also a priority, given the way that tied aid reduces the real value of aid to recipient countries. A shift to sector-wide programmes was also considered desirable by some participants. Harmonization of support for poverty reduction strategies could also be done through the annual PRS review. In this regard, it is important that donors gear their aid to national budget cycles and categories. Full and timely reporting of aid commitments and disbursements is important to Governments.

67. A powerful mechanism to encourage more effective aid involves establishing aid performance monitoring at the recipient country level. The Tanzanian Independent Monitoring Group is a possible model that includes independent evaluators who focus on agreed aspects of the way that both government authorities and donors handle aid. This could usefully be replicated in other countries.

68. More attention also needs to be paid to technical assistance so that it genuinely builds capacity.

69. The external debt burden of most LDCs continues to be grave, and the debt relief measures undertaken so far have proved grossly inadequate to the extent that the growth prospects of LDCs remain bleak. It is imperative that all bilateral and multilateral creditors take courageous debt relief measures, including total debt cancellation of all outstanding debt owed by LDCs, since that debt continues to weigh heavily on public expenditure and discourage private investment. The full and speedy implementation of the Enhanced HIPC Initiative for eligible LDCs was considered a major step in the right direction, but panellists also argued that the achievement of the Millennium Development Goals requires the cancellation of the outstanding debts of HIPC countries. It is necessary to rethink the debt sustainability analysis. It was also suggested that PRSPs be delinked from the debt relief process. There was a call for better forecasts, as well as protection against commodity price and other shocks (aid, natural disasters and imports). Adjustment to such shocks falls hard on the poor.

70. Some participants emphasized a need to identify elements of an international commodity policy that can support the achievement of international poverty reduction goals by initiating, *inter alia*, concrete measures to mitigate the adverse consequences of excessive price instability and the long-term decline in world commodity prices on the economies of the LDCs. The absence of international measures and policies to address the problems of low and unstable commodity prices is therefore a key missing link in the current international approach to poverty reduction in LDCs. The international community should take concrete initiatives, including resuscitating compensatory financing facilities to offset the

effects of commodity price shocks on the economies of the LDCs. Some other participants suggested the need to rationalize supply. This is difficult to achieve but practical measures include setting minimum quality standard and initiating more horizontal and vertical diversification. Diversification efforts are, however, hampered by lack of market access and also market structure. A further possibility for improving prices is market development. This is particularly important in producing countries.

71. Recent market access initiatives such as the Everything but Arms initiative of the European Union and the Africa Growth and Opportunity Act of the United States, as well as other bilateral preferential market access offers, can make a positive contribution in the fight against poverty. Nevertheless, remaining trade barriers, including tariff escalation and tariff peaks, together with non-tariff barriers, continue to hamper entry of LDCs' exports into markets of major trading partners. Improved market access offers should be supplemented by specific actions to address supply-side problems of these countries. In this context, priority should be given to ensuring that more aid is targeted at productive sectors and economic infrastructure of LDCs. Further attention also needs to paid to special and differential treatment for LDCs, as well as continued efforts to reduce non-tariff barriers and to simplify rules of origin.

72. The idea of using investment preferences in rich countries to increase private capital flows was also suggested. A simpler measure that also needs to be developed further involves improving the quality of information supplied by commercial and official agencies about LDC economies and investment prospects. LDCs need increased training on the most desirable types of private capital flows.

73. Finally, particular mention was made of the importance of international migration as a mechanism of poverty reduction, and the need to provide opportunities to unskilled labour to gain work through international movement.

C. Action by the Board

74. At its closing plenary meeting, on 4 December 2002, the Board adopted agreed conclusions on agenda item 2. (For the text of the agreed conclusions, see chapter I above.)

Chapter III

Institutional, organizational, administrative and related matters

A. Opening of the session

75. The session was opened by the President of the Board.

B. Adoption of the agenda

76. The Board adopted the provisional agenda as contained in document TD/B/EX(30)/1. (For the agenda, see annex I below.)

C. Bureau

77. The Bureau of the Board was as elected at the forty-ninth regular session, namely:

President:	Mr. Dimiter Tzantchev	(Bulgaria)
Vice-Presidents:	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Boniface Chidyausiku	(Zimbabwe)
	Mr. Luiz Felipe de Seixas Corrêa	(Brazil)
	Mr. Nathan Irumba	(Uganda)
	Mr. Toshiyuki Iwado	(Japan)
	Mr. Douglas M. Griffiths	(United States of America)
	Mr. François Leger	(France)
	Mr. Samuel T. Ramel	(Philippines)
	Mr. Lester Mejía Solís	(Nicaragua)
	Mr. Eberhard Von Schubert	(Germany)
Rapporteur:	Mr. Mehdi Fakheri	(Islamic Republic of Iran)

D. Report of the Board on its thirtieth executive session

78. The Board authorized the Rapporteur to finalize the report on its thirtieth executive session under the authority of the President.

Annex I

Agenda for the thirtieth executive session

1. Adoption of the agenda.
2. Escaping the poverty trap: National and international policies for more effective poverty reduction in the least developed countries.
3. Other business.
4. Report of the Board on its thirtieth executive session.

Annex II

Attendance*

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Angola
Bahrain
Bangladesh
Belarus
Benin
Bhutan
Cameroon
China
Democratic Republic of the Congo
Denmark
Egypt
Ethiopia
Finland
France
Germany
Greece
Haiti
Indonesia
Ireland
Italy
Jordan
Libyan Arab Jamahiriya
Madagascar
Malaysia
Mauritania
Mexico
Morocco
Mozambique
Nepal
Nigeria
Norway
Paraguay
Philippines
Poland
Russian Federation
Rwanda
Senegal
Slovakia
South Africa
Sudan
Switzerland
Syrian Arab Republic
Thailand
Tunisia
Uganda
United Republic of Tanzania
United States of America
Yemen
Zambia

* For the list of participants, see TD/B/EX(30)/INF.1.

2. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States

Common Fund for Commodities

Common Market for Eastern and Southern Africa

European Community

Organization of African Unity

3. The following United Nations agency and related organizations was represented at the session:

Office of the United Nations High Commissioner for Human Rights

4. The following specialized agencies and related organizations were represented at the session:

International Monetary Fund

United Nations Educational, Scientific and Cultural Organization

World Intellectual Property Organization

Part three
Report of the Trade and Development Board on its twentieth special session (Geneva, 27 January 2003)*

* Originally issued under the symbol A/58/15 (Part II).

Chapter I

Decision adopted by the Board at its twentieth special session

Financing the participation of experts from developing countries and countries with economies in transition in UNCTAD expert meetings

Decision 474 (S-XX)

The Trade and Development Board,

Recalling the guidelines it adopted at its nineteenth special session on the Mid-term Review in May 2002, as well as the decisions on financing the participation of experts taken by the Working Party at its second resumed thirty-eighth session in May 2002, its thirty-ninth session in September 2002, and its resumed thirty-ninth session in November/December 2002, especially with regard to the need for a long-term solution for predictable financing of expert participation in expert meetings,

Noting that funding is to cover the participation of 10 experts at each of eight expert meetings per annum, with experts being selected on the basis of the principle of equitable geographical representation, beneficiary needs, in particular LDCs, and the expertise of the experts concerned,

1. *Agrees* that, on an experimental basis, participation of experts in UNCTAD expert meetings will be financed on the basis of extrabudgetary contributions;

2. *Further agrees* that there will be a reserve fund that will be used to finance participation at any expert meeting for which there are not sufficient extrabudgetary contributions;

3. *Decides* that:

(a) The funds currently available to finance participation in expert meetings should constitute the reserve fund;

(b) The process of obtaining extrabudgetary contributions for the expert meetings for 2003 (and future years) should begin immediately;

(c) Funding for each expert meeting should be secured not later than three months before the meeting takes place;

(d) If sufficient funding is not available for a meeting, use should be made of the reserve fund;

(e) It will discuss the working of the scheme, including if necessary the issue of the replenishment of the reserve fund, in late September 2003 and regularly thereafter on the basis of an evaluation provided by the Secretary-General of UNCTAD, in the light of the criteria established by the Board at its nineteenth special session.

4. *Urges* donors to proceed with extrabudgetary contributions for financing the participation of experts at the earliest possible date;

5. *Requests* the secretariat to report regularly to the consultations of the President of the Board on the resources available for financing the participation of experts;

6. *Encourages* the UNCTAD secretariat to continue to take the initiative with regard to enhancing coordination in the scheduling of meetings among intergovernmental organizations in Geneva.

939th plenary meeting
27 January 2003

Chapter II

Financing the participation of experts from developing countries and countries with economies in transition in UNCTAD's expert meetings

(Agenda item 2)

1. For its consideration of this item, the Board had before it the following documentation:

Financing the participation of experts from developing countries and countries with economies in transition in UNCTAD expert meetings: draft decision: (TD/B(S-XX)/L.1);

Report of the Working Party on the Medium-term Plan and the Programme Budget on its resumed thirty-ninth session (TD/B/EX(30)/3).

Introductory statement

2. The **President of the Board** said that the special session of the Board was taking place pursuant to the outcome of the resumed thirty-ninth session of the Working Party and pursuant to the decision of the Board at its nineteenth special session concerning the Mid-term Review (TD/B(S-XIX)/7).

3. The question of the financing of experts had first arisen at UNCTAD IX in 1996, when the Conference had decided to restructure the intergovernmental machinery, establishing the three commissions and providing for 10 expert meetings per year (TD/378, paragraph 114). The Conference had decided that special consideration should be given to the issue at the following regular session of the Board with a view to taking a decision on the question of improving the participation of developing country experts in UNCTAD meetings, including the question of financing their participation.

4. At its forty-third regular session, in October 1996, the Board had discussed the issue of financing of experts and had decided to establish a Trust Fund to enhance the participation of developing country experts in UNCTAD meetings. The Board had also requested the Secretary-General of UNCTAD to explore ways to reallocate the savings resulting from the improved overall cost-effectiveness achieved pursuant to UNCTAD IX.

5. Following the decision of the Board, the UNCTAD secretariat had sent out two notes (one in May 1997, the other in December 1997) seeking extrabudgetary contributions for the Trust Fund. Amounts of US$ 3,000 and US$ 1,000 had been contributed in 1998 in 2000 respectively.

6. In December 1996, the General Assembly had requested the UNCTAD secretariat to prepare a report exploring ways and means of utilizing for the biennium 1998-1999 the savings resulting from improved cost-effectiveness achieved at UNCTAD IX. In May 1998, the secretariat had submitted an initial proposal on the analysis of the savings, and on 12 October 1998, the General Assembly, in its resolution 53/3, had agreed to the use of the amount of US$ 1,088,000 for the financing of experts attending expert meetings convened in accordance with paragraph 114 of the outcome of UNCTAD IX. Guidelines and

modalities for the use of the funds had been established and approved by the Board in late October 1998.

7. Not all the funds from the special account had been used during the biennium 1998-1999. Accordingly, in December 1999, the General Assembly had agreed that, on an exceptional basis, the unspent balance be retained until all the activities and programmes outlined in the report of the Secretary-General of May 1998 had been completed.

8. The current remaining balance of the special account for the financing of experts was approximately US$ 67,000. In addition, extrabudgetary contributions had been made available, in the total amount of US$ 300,000. Of that amount, about US$ 165,000 remained in the Trust Fund.

9. With regard to the future evaluation of the proposed experimental scheme for the financing of experts, as stated in paragraph 3 of the draft decision, the Board would evaluate the scheme in late September 2003. This review would be based on information provided by the Secretary-General of UNCTAD. Thereafter, as from 2004, he would expect that the Board would review the working of the scheme every year at its regular session.

Action by the Board

10. At its 939th plenary meeting, on 27 January 2003, the Board adopted draft decision TD/B(S-XX)/L.1. (For the text of the decision, see chapter I above.)

Statements

11. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, said that the issue of financing of experts was a very important one, since expert meetings had helped to enrich UNCTAD's intergovernmental work and had contributed towards consensus-building. The participation of experts from the different regions of the world had had a significant positive effect on the quality of the discussions in the meetings.

12. The Mid-term Review had given member States the task of finding a long-term solution for predictable financing of the participation of experts. The decision just taken by the Board did not fulfil the requirements set out in the Mid-term Review, since it was not a specific agreement or even an assurance for a long-term source of funding for the participation of experts. It was not known how or when the reserve fund would be replenished once extrabudgetary resources were unavailable. Agreeing to the decision was a "leap of faith" on the part of his Group, but the Group wanted to give the process the opportunity to succeed and transform it into an arrangement that would become a reliable source of funding. It was the understanding of his Group that the reserve fund would be replenished when funds were made available.

13. If the process did not succeed, alternative ways would have to be sought to secure funds. The use of the regular budget not only represented a reliable and long-term solution but would allow a more balanced and equitable allocation of resources that better reflected the partnership of the whole community of nations.

14. Lastly, he expressed appreciation to donor countries that had already contributed funds and looked forward to continued partnership in the process launched by the Board's decision.

15. The representative of **Bulgaria**, speaking on behalf of **Group D**, expressed appreciation to the other regional groups for making it possible to reach agreement on the issue of financing of experts.

16. The representative of **Morocco**, speaking on behalf of the **African Group**, said that his Group attached great importance to UNCTAD's expert meetings. The participation of African experts had made an important contribution to the meetings, and without financing, such participation would not be possible. It was therefore essential to find a long-term solution to ensure regular provision of resources for the participation of experts from developing countries and LDCs. The solution embodied in the Board's decision was generally acceptable, and his Group was prepared to try the system out. During the consultations, donors had given positive indications concerning contributions, and his Group thanked donors in advance for their contributions. At the same time, it was crucial to find a satisfactory long-term solution to the issue of financing experts, and it would be important to monitor the status of contributions and evaluate the system regularly. His Group attached particular importance to the selection of experts for financing on the basis of equitable geographical distribution, the needs of beneficiaries, especially LDCs, and the expertise of the experts concerned. It was essential for developing countries from all regions to participate in expert meetings in order to contribute to UNCTAD's work, particularly in the context of the run-up to UNCTAD XI, where issues of critical importance to LDCs would be discussed and negotiated.

17. The representative of **Venezuela**, speaking on behalf of the **Latin American and Caribbean Group**, said that, with the adoption of the Board's decision, the problem of financing of experts had been resolved in the short term. She thanked the donors that had made the creation of the reserve fund possible; she had complete confidence in their expressed commitment to make sufficient voluntary contributions to the fund. However, her Group was not sure whether contributions would involve conditions concerning the countries of origin of experts or whether the secretariat would be able to apply the principle of equitable geographical distribution. UNCTAD expert meetings were very valuable capacity-building tools, and she appealed to the secretariat and to donors to honour the mandate established at the Mid-term Review in terms of selecting experts from all regions. Her region was experiencing difficulties and therefore hoped to be able to count on the support of the international community to finance the participation of its experts in UNCTAD expert meetings. If the participation of experts was limited to certain regions, expert meetings would fail to present a full picture. In that connection, she requested the secretariat, when selecting panellists for expert meetings, to give full consideration to experts from her region. Finally, she was confident that every effort would be made to sustain the reserve fund and thus avoid the need to take up again the possibility of financing the participation of experts from the regular budget, as initially recommended by the Group of 77 and China.

18. The representative of **India**, speaking on behalf of the **Asian Group**, welcomed the Board's decision. At the Mid-term Review, member States had agreed to find a long-term solution for predictable financing of participation of experts in UNCTAD meetings. Predictability meant the availability of resources on a regular

basis. Such a solution had not been found, but it was hoped that donors would provide sufficient extrabudgetary resources to honour the compromise. Every effort must still be made to explore the use of regular budget resources in connection with expert meetings, which facilitated consensus building on emerging issues. She thanked donors for contributing to a solution.

19. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that the question of financing the participation of experts in UNCTAD expert meetings was of capital importance for the least developed countries. Exchanges of experience enhanced understanding of development issues, so it was important to enable the LDCs to participate and ensure balanced outcomes. The LDCs welcomed the Board's decision, and hoped that adequate contributions would be forthcoming. They counted on the cooperation of their development partners for the balanced implementation of the decision, the evaluation of the system of funding, and the introduction of any adjustments that might be required.

20. The representative of **China** said that his delegation had no objection to the Board's decision. However, the adoption of the decision did not mean that the mandate from the Mid-term Review had been fulfilled. There was no substantial difference between the system launched by the decision and past practice, and the need for a long-term and predictable solution had not been met. It was therefore hoped that the search for a fundamental solution would continue. It must also be said that the financing scheme discussed was limited in terms of the number of experts covered, and in that connection his country regretted that the initial proposal of the Group of 77 and China based on the use of the regular budget had not been accepted. Finally, he welcomed the positive gesture made by donors, though noting that it was not incompatible with the developing countries' goal of using the regular budget to finance expert participation.

21. The **Secretary-General of UNCTAD** said it was a good omen that a successful conclusion had been reached on a difficult issue. The way was now clear for constructive engagement in the lead-up to UNCTAD XI. Expert meetings represented a good source of ideas, some of which had been channelled into negotiations in other fora. Efforts should of course continue to be made to improve expert meetings, for example in terms of choice of subjects, the quality of preparatory work, broader participation and better dissemination of results. The question of ensuring the participation of countries with financial difficulties was one that all international organizations, including the WTO, were now having to face, and it was a good sign when appropriate measures were taken. In that connection, UNCTAD's expert meetings helped prepare experts from developing countries for international negotiations and therefore contributed to capacity-building in the broad sense. He appealed to countries able to do so to make financial contributions for the participation of experts in UNCTAD expert meetings.

22. Looking ahead to UNCTAD XI, he had set up an internal task force for substantive preparations and would consult member States in February with a view to presenting a draft provisional agenda to the Board in March. The secretariat would then draft a substantive document as a basis for the preparatory process. Ideas would also be put forward on the organization and structure of the Conference. He was sometimes uncomfortable with the idea that everything revolved around the Conference and that the very name of UNCTAD implied that this should be so. UNCTAD was an organization whose importance stemmed from the work it

performed on a daily basis, and not from meeting every four years. Nevertheless, holding regular conferences was a useful aspect of UNCTAD's work, as they made it possible to take stock and to generate new thinking.

23. The world in which UNCTAD X had taken place no longer existed, as a result of major changes that could not possibly have been imagined at the time. In planning for UNCTAD XI, it would be crucial to identify, in those areas falling within the organization's mandate, the implications of those changes. Remaining attentive to the new realities prevailing on each continent was important as well. In East and South-East Asia, there was often an explicit intention to review strategies; in Latin America, regional and subregional agreements were being negotiated in the context of significant political changes, and there was growing awareness of the need to attain a new level of export competitiveness; in Africa, NEPAD had provided new defining principles for cooperation. Taking stock of those changes was a good starting point for increasing UNCTAD's usefulness as a tool for development.

Chapter III

Institutional, organizational, administrative and related matters

A. Opening of the session

24. The session was opened by the President of the Board.

B. Adoption of the agenda

25. The Board adopted the provisional agenda as contained in document TD/B(S-XX)/1. (For the agenda, see annex I below.)

C. Bureau

26. The Bureau of the Board was as elected at the forty-ninth regular session, namely:

President:	Mr. Dimiter Tzantchev	(Bulgaria)
Vice-Presidents:	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Boniface Chidyausiku	(Zimbabwe)
	Mr. Luiz Felipe de Seixas Corrêa	(Brazil)
	Mr. Nathan Irumba	(Uganda)
	Mr. Toshiyuki Iwado	(Japan)
	Mr. Douglas M. Griffiths	(United States of America)
	Mr. François Leger	(France)
	Mr. Samuel T. Ramel	(Philippines)
	Mr. Lester Mejía Solís	(Nicaragua)
	Mr. Eberhard Von Schubert	(Germany)
Rapporteur:	Mr. Mehdi Fakheri	(Islamic Republic of Iran)

D. Administrative and financial implications of the actions of the Board

27. The Board was informed that there were no financial implications arising from the decision taken at the special session.

E. Report of the Board on its twentieth special session

28. The Board authorized the Rapporteur to finalize the report on its twentieth special session under the authority of the President.

Annex I

Agenda for the twentieth special session

1. Adoption of the agenda.
2. Financing the participation of experts from developing countries and countries with economies in transition in UNCTAD's expert meetings.
3. Institutional, organizational, administrative and related matters: Administrative and financial implications of the actions of the Board.
4. Other business.
5. Adoption of the report of the Board.

Annex II

Attendance*

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Albania
Algeria
Angola
Argentina
Bahrain
Bangladesh
Barbados
Belarus
Benin
Bolivia
Botswana
Bulgaria
China
Colombia
Costa Rica
Cuba
Denmark
Ecuador
Egypt
Ethiopia
Finland
France
Germany
Greece
Guinea
India
Indonesia
Iraq
Japan
Jordan
Libyan Arab Jamahiriya
Madagascar
Malaysia
Mauritania
Mexico
Mozambique
Netherlands
Norway
Oman
Paraguay
Philippines
Poland
Republic of Moldova
Russian Federation
Senegal
Singapore
Slovakia
Spain
Switzerland
Syrian Arab Republic
Thailand
Trinidad and Tobago
Tunisia
Uganda
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Venezuela
Yugoslavia

* For the list of participants, see TD/B/(S-XX)/INF.1.

2. The following other States members of UNCTAD, not members of the Board, were represented as observers at the session:

Cape Verde

Holy See

3. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States

Organisation Internationale de la Francophonie

Organization of African Unity

4. The following non-governmental organization was represented at the session:

General Category

Third World Network

Part four
Report of the Trade and Development Board on its thirty-first executive session (Geneva, 10 March 2003)*

* Originally issued under the symbol A/58/15 (Part III).

Chapter I

Decision adopted by the Board at its thirty-first executive session

Languages for official documentation of the Joint Advisory Group of the International Trade Centre UNCTAD/WTO

Decision 475 (EX-31)

The Trade and Development Board,

Noting the proposal made at the thirty-fourth session of the Joint Advisory Group (JAG) of the International Trade Centre UNCTAD/WTO to issue official documentation of JAG in the Arabic and Chinese languages in addition to the current languages of issuance (English, French, Russian and Spanish),[1]

Noting further that the report of JAG to be submitted to UNCTAD's Trade and Development Board would be in all official languages,

1. *Takes the view* that it would, in principle, be desirable for the official documentation of JAG to be issued also in the other two UN official languages, Arabic and Chinese, in addition to the current languages of issuance;

2. *Recommends* that the General Assembly consider the proposal in the light of the Board's view.

941st plenary meeting
10 March 2003

[1] ITC/AG (XXXV)/191, para. 89.

Chapter II

Preparations for the eleventh session of the Conference (UNCTAD XI)

1. For its consideration of this item, the Board had before it the following documentation:

> Proposal by the Secretary-General of UNCTAD for the substantive item of the provisional agenda for UNCTAD XI (TD/B/EX(31)/L.1).

2. The **Secretary-General of UNCTAD** said that the Conference itself and its preparations should be seen as a catalyst for the work of the organization but not as its raison d'être. The fact that UNCTAD was called a Conference did not reflect what it really was. UNCTAD XI would coincide with the fortieth anniversary of UNCTAD, and forty years was long enough for any institution to consolidate its role, which had been well established by dozens of General Assembly resolutions. Of course, it was also essential to adapt to new challenges, but there was no contradiction there — the two aspects were complementary.

3. In preparing for the Conference, it would as always be necessary to start from today's reality, and that in turn meant looking at the important events that had occurred since UNCTAD X and which would have profound implications for development. The process of reflection should have a dual perspective. The first involved capturing the comprehensive external context of development — the wood and not the trees — to see how global processes were affecting development. The second involved looking at national development strategies, not in isolation but in a subregional, regional and international context. The analysis must be dynamic, seeing how global processes on the one hand and national development strategies on the other were always influencing each other. By one definition, globalization was a process in which everything that was global acquired local importance, and everything that was local was also important for the global context. From that perspective, the task ahead would involve first helping countries to make sense of what was happening in the global system and come up with their own response about how to cope with new opportunities or challenges, and then helping the international decision-making process understand the needs and concerns of individual countries. It was a double task, and in fact it was what UNCTAD had been doing for many years. The new element would be a constant effort to improve the synergy and cohesiveness of UNCTAD's work, and in that connection the Commissions' sessions had been very encouraging.

4. The Conference should be comprehensive enough to cover all issues affecting development but at the same time focused enough to produce concrete outcomes that provided a clear sense of direction. The vocation of UNCTAD nowadays was to help build linkages between negotiations — not only on trade but also on other areas — and the productive sector, i.e. to enhance the capacity of developing countries to influence negotiations in a proactive and constructive manner and to improve their performance in many areas, such as technology, exports, enterprise development and foreign direct investment.

5. Finally, it would be important to see how the achievement of those goals required working with different actors, not only Governments but also the private sector, civil society, and other international organizations, as had been done in Lyon at the 1998 Partners for Development Conference.

6. Logistical preparations for the Conference had been launched in meetings with representatives of the Brazilian Government, and as soon as concrete information was available on the proposed dates and venue of the Conference, it would be made known to delegations.

7. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, said that UNCTAD was the principal organ of the General Assembly dealing with trade, investment and development issues, and the role of the United Nations in those areas should not be diminished. One of the important roles of UNCTAD was to provide a forum for countries to enhance policy convergence on important global issues and allow the development-friendly integration of developing countries into the world economy. The development dimension would therefore have to be incorporated into the agenda of the Conference. Coherence should include not only assisting developing countries to participate in global processes, but also ensuring that global processes took better into account the concerns and interests of developing countries. The emphasis should be not on trade itself but on trade as a vehicle for national development and sustainable growth. Strengthening national productive capacities was key to growth, and specific issues to be tackled in that connection included export diversification, market access and entry, competitiveness, SME development and enhancing supply capacity, and fluctuating and low commodity prices.

8. It was important to follow up on and implement the outcomes of the recent global conferences, specifically in order to translate into concrete actions the decisions taken on poverty eradication, market access and diversification, FDI and the alleviation of the debt burden. The Fourth Ministerial Meeting of WTO had placed development at the heart of the negotiations, and strategies must ensure an integrated approach to financial, trade and investment policies in order to ensure sustainable development. The international environment should be fair, transparent, sustainable and development friendly, but there must also be flexibility and policy space for each developing country.

9. The outcome of UNCTAD XI must be action-oriented and target-specific, with analysis of why some policies worked in some circumstances and not in others. UNCTAD's capacity-building and technical assistance activities should be strengthened, especially in trade and investment-related analysis, enterprise development, SME strategies, competition and diversification. Partnership and mutual respect would be essential, based on shared but differentiated responsibilities related to the different levels of development of the developing countries and their development partners.

10. The economy of the developing world was dependent on exports of basic commodities and resources, and UNCTAD XI would be well placed to undertake a thorough examination of the Cancun Conference. UNCTAD's programme in its next cycle would have to address such issues as enhancing income through increased market access and entry, export diversification and competitiveness, marketing and enhanced supply capacities, SME enhancement, and access to finance and technology.

11. Finally, the preparations for UNCTAD XI should strive for tangible and action-oriented goals. The Conference should continue to involve the business sector and civil society, and experts should continue to enrich discussions. Her Group had a number of amendments to the wording of the draft agenda item that were designed to achieve better focus without limiting or changing the idea behind the proposal.

12. The representative of **Greece**, speaking on behalf of the **European Union**, said that UNCTAD should continue to be a forum for consensus building, research and trade-related technical cooperation and capacity-building. Mainstreaming trade into development and poverty reduction strategies should be a main element of its work. The purpose of the Conference should be to focus in a pragmatic and constructive way on the conditions necessary at the national level for developing countries to maximize their development opportunities. The concerns of developing countries should be reflected in international processes by the international community. UNCTAD XI would take place between two WTO ministerial meetings, and it would therefore have an important complementary role to play in terms of examining how to achieve development gains and move towards the implementation of the Millennium Goals in the area of international trade.

13. The preparatory process for the Conference should be light. It would be important to avoid repeating discussions that had taken place at past international conferences, and attention should focus on implementing their outcomes within the limits of UNCTAD's competence. The European Union had no problem with the proposed agenda item for the Conference, though it would need further focusing; the main focus should be on how to define UNCTAD's role. In that connection, UNCTAD must cooperate with other international organizations and avoid duplication. Account would also have to be taken of the UN reform process. The question of the intergovernmental machinery was important from the point of view of ensuring that UNCTAD stayed relevant, and the machinery would have to be streamlined in accordance with the conclusions of the Mid-term Review; meetings had become too resource-consuming, and the whole issue must be taken up again.

14. On the issue of good governance and enabling local environments, UNCTAD was an important forum for exchanges of experience. UNCTAD investment-related projects could help promote a favourable business and investment climate that might assist countries in attracting investment. However, in the absence of transparency and good governance, sufficient investment flows would not materialize. UNCTAD activities relating to investment, good governance and trade facilitation should therefore be given high priority and sharp focus. That would provide the framework for further work on science and technology, improved export competitiveness, and partnerships for development. It would also make it possible to exploit the comparative advantages of UNCTAD, to the benefit also of the Doha development agenda. Finally, the outcome of the Mid-term Review must be implemented.

15. The representative of **Morocco**, speaking on behalf of the **African Group**, expressed support for the innovative approach that the Secretary-General of UNCTAD had taken to Conference themes. At the same time, the overall preparations for UNCTAD XI should be rooted in the follow-up to UNCTAD X and the Mid-term Review. The issue of coherence between national policies and the globalization process, if it included the whole development dimension, was a welcome point of departure for the Conference agenda. The African continent was facing serious economic difficulties and harboured the majority of LDCs, and UNCTAD XI should seek to identify lasting solutions to Africa's problems in order to enable it to integrate into the multilateral trading system. The issue of coherence could encompass a number of elements: increasing African countries' productive and export capacities, especially for SMEs, and identifying market barriers; dealing with the steady fall in commodity prices; introducing new approaches to debt reduction to strengthen the HIPC initiative; institutional and human capacity building in the context of paragraph 166 of the Bangkok Plan of Action; and making better use of new information technologies to develop trade. With regard to

strengthening UNCTAD's intergovernmental machinery, it would be essential to enhance UNCTAD's role as a pre- and post-negotiating forum, especially in the context of WTO, enhance its role as a development dialogue forum in general, and enhance its political role as a multilateral development think tank. Member States should engage in a partnership to implement the technical cooperation plan put forward by the Secretary-General of UNCTAD in 2002. UNCTAD should also participate actively in the follow-up to the major international conferences that had taken place. Finally, his Group welcomed the idea of having a shorter and more focused Conference.

16. The representative of **Venezuela**, speaking on behalf of the **Latin American and Caribbean Group**, said that UNCTAD XI represented an important challenge, and her Group was committed to ensuring the success of the Conference, strengthening the role of UNCTAD and promoting development.

17. Speaking on behalf of her own country, she said that the proposed agenda item was an important point of departure to evaluate the development process since the last Conference. It was essential to ensure coherence between existing rules and the possibility of implementing active policies permitting integration into markets and development. Her country hoped for concrete results, noting that the work done during the Mid-term Review on the functioning of the organization should not be reopened.

18. The representative of **India**, speaking on behalf of the **Asian Group**, said that it was essential not to lose sight of the development dimension. In looking at the coherence between national development strategies and global economic processes, the question was whether the international framework provided the right support and whether it was development-led. Trade liberalization was not an end in itself; it was a means towards an end, namely overall development. International rules and laws should therefore take developing countries' needs into account and should not encroach upon their national policy space. As the focal point for consensus-building and for trade and development issues, UNCTAD should assist developing countries in respect of trade policies, diversification and national strategies, building up international competitiveness, etc. UNCTAD's analytical work should always seek linkages between development strategies and competitiveness, and the development dimension should be present in all UNCTAD's activities.

19. The representative of **Bulgaria**, speaking on behalf of **Group D**, said that the Secretary-General's initiative on the agenda item for the Conference was timely and appropriate. It provided a good point of departure for developing a detailed list of priorities that would meet the expectations of all countries and confirm UNCTAD as an efficient UN forum working for the cause of development, trade and investment. Group D supported the Secretary-General's proposal.

20. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that enhancing coherence between national strategies and global economic policies was a theme of great current interest. National strategies and global processes must complement and support each other so that the goals set could be achieved. In the context of economic growth and development, promoting trade and investment must be a major concern of developing countries, supported by their development partners. Export diversification and enterprise competitiveness required human and institutional capacity building and productive infrastructure. The weakness of commodities meant that policies must be found to make production viable, especially in single commodity exporters, and agricultural trade rules and mechanisms must be fairer. Bolder initiatives must be taken on debt and ODA, and

the follow-up to the recent major international conferences must be effective and coherent. Closing the gap between national policies and international processes could produce better results.

21. The representative of the **United States of America** said that his Government attached great importance to UNCTAD as the focal point in the UN system for the integrated treatment of trade and development and interrelated issues of investment and technology. Because of the broad array of development policies involved, his Government had organized an inter-agency working group to prepare for the Conference, and it was therefore not yet in a position to endorse the suggested agenda item. UNCTAD XI would provide an opportunity to discuss the primary issues of the day and the best way in which UNCTAD could help developing countries meet their development goals. His country had expected the Conference to focus on competitiveness, on building national productive capacity, and on building UNCTAD's expertise in trade and investment to investigate how developing countries could capitalize on market access to attract investment and build national capacity, as well as to investigate why development policies had succeeded in one country and failed in another. It had anticipated a theme such as "Economic growth through competitiveness: Development policies that seize opportunities offered by trade and investment". "Enhancing coherence" did not get to the heart of UNCTAD's strengths, and the proposal would require considerable work to define "coherence" and UNCTAD's role. UNCTAD should not be limited to chasing after other processes, but on the other hand it should not be the central coordinator for judging the development-related activities of other organizations. Development rested on policies at the national level, and any topic must give priority to that aspect.

22. The representative of the **Islamic Republic of Iran** said that UNCTAD's programme could not be prepared regardless of world events and ongoing activities of other international organizations. The uncertain international situation and the consequences of a possible war might well influence the activities of the whole UN system and should be assessed adequately in the preliminary stages of UNCTAD XI.

23. UNCTAD was the best place to assist developing countries achieve their development goals, and major UN conferences should be followed up with the active participation of UNCTAD. WTO had been more successful in its trade-related objectives than in respect of sustainable development. The benefits of global growth had gone to the North, and UNCTAD's role should be to help bridge the gap between North and South. UNCTAD must contribute to the study of developing countries' national strategies rather than serving as a mere forum for consensus-building on issues of importance to WTO, and it must think of itself as an independent entity. Developing countries could not afford further liberalization and trade concessions without benefiting from fair trade, but UNCTAD's activities on trade issues had not necessarily satisfied members' needs. UNCTAD should stop working on trade from a development perspective and start working for development from a trade perspective, becoming a sponsor for development.

24. Over the past four years, UNCTAD had contributed to a better integration of developing countries into the multilateral trading system, and its technical cooperation and analysis had been useful. The first priority now should be to strengthen its role, increase its budget and allocate resources on the basis of geographical distribution. Then it would be important to assist developing countries in the fields of their choice, ensure the involvement of UNCTAD in ongoing negotiations, and ensure satisfactory outcomes reflecting all points of view from

UNCTAD meetings. Developing countries' experts must participate equitably in expert meetings, secretariat employment and civil society activities.

25. In the preparations for UNCTAD XI, special attention must be paid to the development needs of developing countries, focusing on national policies, the role of SMEs in increasing export competitiveness, risk management systems for commodity-dependent countries, market entry and market share of developing countries, coherence between competitiveness and competition policies, access to investment and technology, a master plan for trade in services, and cooperation between UNCTAD and regional organizations.

26. The representative of **Bangladesh** said that, since UNCTAD X, the world had undergone changes, including terrorist attacks, the threat of war, and regional conflict, some of which would shape the agenda of UNCTAD XI. Moreover, while the development paradigm kept changing, the divide between rich and poor kept widening, despite structural reform, and UNCTAD XI clearly had a role to play in addressing that failure. As the focal point within the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, investment and technology, UNCTAD should work towards achieving policy consensus in those areas. Globalization was not working for the world's poor or for the stability of the global economy, and the critical challenge was to redefine the role of international institutions. Free trade had not ensured fair trade because of such factors as the slow pace of liberalization in sectors of interest to developing countries, the decline in commodity prices, and non-tariff barriers. UNCTAD should therefore work towards a development-oriented trade agenda. The international financial system had evolved in a way that favoured private capital flows over official flows, exchange rate flexibility over stability, and creditors over debtors, and UNCTAD XI should address the limitations of the present financial architecture. Development finance was becoming increasingly scarce, and UNCTAD XI should work towards a scheme that promoted FDI and other capital flows to developing countries, in particular LDCs. International aid had failed to eradicate poverty, with aid flows determined more by political considerations, and this issue should be taken up by the Conference. On global governance, there was no institutional framework in which developing countries could participate effectively in discussions of global economic policies, nor was there any corresponding regulatory regime. Coherence of global economic policy making should be paramount on the Conference agenda. Finally, the knowledge gap and the digital divide should also be taken up. The Conference should advance the cause of the LDCs.

27. The representative of **Cuba** said that UNCTAD was the appropriate place for member States to enhance their understanding of and achieve greater convergence on major global economic developments so that the developing countries could integrate into the world economy gradually and beneficially, in accordance with their level of development. His country supported the Secretary-General's proposal for the substantive agenda item for the Conference; coherence between global economic processes and national development strategies should be based on considerations of how global processes could best take into account the concerns and interests of the developing countries or how the development dimension could best be incorporated into those processes.

28. The representative of **Bolivia** said that the secretariat's proposal for the substantive agenda item was welcome, but UNCTAD would have to become more involved in the work of international organizations that had a significant impact on global economic processes, such as the World Bank, IMF and WTO. UNCTAD

should also continue supporting the developing countries in their negotiations, and to that end it should have more resources. With regard to formulating national development strategies, UNCTAD should not concentrate solely on LDCs; it should also focus on developing countries with small and vulnerable economies and landlocked developing countries. The work of UNCTAD should reflect the diversity of the developing countries, which were affected differently by global economic processes. Generalizing about developing countries would not produce effective solutions to their specific problems.

29. The representative of **Japan** said that the preparatory process for the Conference should help further discussion on UNCTAD's central role and comparative advantages in the current multilateral framework on trade and development, in particular in relation to ongoing WTO negotiations. Japan welcomed the Secretary-General's proposal for the substantive item of the provisional agenda, which could serve as a catalyst for further discussions. However, it was too early to determine the Conference agenda at the present juncture.

30. The representative of **Senegal** said that the Board's session was taking place at a crucial time in the international calendar, since preparations were under way for both the Fifth Ministerial Meeting of WTO and for UNCTAD XI. In that context, the Commissions' results were encouraging. NEPAD required concrete action and commitment on the part of UNCTAD and the international community as a whole, particularly with regard to solving the debt problem, and UNCTAD XI should help identify solutions in respect of debt management and settlement. The topic of the Conference should be broad enough to cover Africa's specificities in the field of trade and development. His country supported the theme as proposed by the Secretary-General of UNCTAD and amended by the Group of 77 and China.

Action by the Board

31. At its 940th plenary meeting, on 10 March 2003, the Board entrusted the President with the task of conducting consultations with a view to reaching agreement on the following elements: the substantive agenda item for UNCTAD XI; specific themes to be taken up within the framework of the agenda item; and the arrangements for the preparatory process. It decided that the deadline for agreement would be before the end of April, and that it would formally endorse the agreement at a resumed 31st executive session in May 2003. It requested the Secretary-General of UNCTAD, for the purposes of the consultations, to present proposals for themes and for the arrangements for the preparatory process.

Chapter III

Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies

A. Report of the Commission on Trade in Goods and Services, and Commodities, seventh session (3-6 February 2003)

32. The representative of **Bangladesh**, speaking on behalf of the President of the Commission, said that the Commission's seventh session had strengthened the Commission's role as an intergovernmental forum for meaningful discussions. Its policy discussions had provided a strategic overview on systemic issues, deepening the development dimension of multilateral trade negotiations and highlighting the situation faced by developing country exporters in global markets. Because of the importance of the topics discussed for developing countries, the Group of 77 and China had proposed the adoption of agreed conclusions, in particular on agenda item 3, but no agreement had been reached on that approach.

33. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that secretariat activities in the area of trade were of vital importance to the LDCs. The LDCs hoped that the outcome of the Commission's session would be implemented, and that diversification, market access and competitiveness in the area of commodities would be given due attention. The LDCs were disappointed that it had not been possible to adopt agreed conclusions.

Action by the Board

34. At its 941st plenary meeting, on 10 March 2003, the Board took note of the report of the Commission (TD/B/EX(31)/4-TD/B/COM.1/58), endorsed the recommendations contained therein, approved the provisional agenda for the Commission's next session, and approved the topics for the next cycle of expert meetings.

B. Report of the Commission on Investment, Technology and Related Financial Issues, seventh session (20-24 January 2003)

35. The representative of **Belarus**, speaking in his capacity as President of the Commission, said that, on the issue of investment policy reviews, both developed and developing countries had expressed satisfaction with the programme, and the European Union had stressed that sufficient time should be allowed at Commission sessions for reviews. Almost all delegations had praised the quantity and quality of the secretariat's outputs, and a Commission/WAIPA joint session had proved innovative and successful.

Action by the Board

36. At its 941st plenary meeting, on 10 March 2003, the Board took note of the report of the Commission (TD/B/EX(31)/3-TD/B/COM.2/50), endorsed the recommendations contained therein, approved the provisional agenda for the Commission's next session, and approved the topics for the next cycle of expert meetings.

C. Report of the Commission on Enterprise, Business Facilitation and Development, seventh session (24-27 February 2003)

37. The representative of **Uganda**, speaking on behalf of the President of the Commission, said that, on improving the competitiveness of SMEs, it had been stressed that sound macroeconomic policies should be considered a basic component of any competitiveness strategy and that the lack of focus in horizontal policies could be overcome through the use of complementary targeted instruments to promote inter-firm cooperation. On transport and trade facilitation, the importance of these for enhancing the participation of developing countries in world trade had been emphasized, and many delegations had noted the importance of UNCTAD's assistance in that respect. On electronic commerce strategies, the lack of readily available data on the use of ICT and e-commerce was a major obstacle to identifying priority areas of policy action.

Action by the Board

38. At its 941st plenary meeting, on 10 March 2003, the Board took note of the report of the Commission (TD/B/EX(31)/5-TD/B/COM.3/55), endorsed the recommendations contained therein, approved the provisional agenda for the Commission's next session, and approved the topics for the next cycle of expert meetings.

D. Report of the Working Party on the Medium-term Plan and the Programme Budget on its fortieth session (13-17 January 2003)

Action by the Board

39. At its 941st plenary meeting, on 10 March 2003, the Board took note of the report of the Working Party (TD/B/EX(31)/2-TD/B/WP/160) and endorsed the agreed conclusions contained therein.

Closing statement on agenda item 3

40. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, said that the topics discussed by the Commissions were very relevant to the interests of the developing countries. While national conditions played a major role in creating the conditions necessary for sustainable development, the international community needed to be aware of the difficulties that small developing countries faced and ensure that a conducive international environment existed. The development partners should support UNCTAD's work on overcoming development constraints, since it was in everyone's interest that development be achieved in an equitable manner.

41. With regard to UNCTAD's intergovernmental machinery, it was now clear that there were different interpretations about the outcome of the Mid-term Review. However, that outcome stated clearly that, while the main objective of a meeting was to maximize the time devoted to substantive dialogue, member countries still had the latitude to request an outcome they deemed appropriate. The Commission on Trade had discussed commodity-related issues of utmost significance to developing countries, and her Group had hoped to have concise and balanced agreed conclusions on those issues. It had proposed draft agreed conclusions to that end. The foundation of intergovernmental work of the United Nations was to allow for consensus-building and policy formulation, and to have agreed conclusions on the one item in question would have shown the common desire of the international

community to address the issue. The Chairman's summary was a reflection of the views expressed in the Commission, but what was needed was a consensus text that represented the views of the Commission. Although her Group's proposal had received overwhelming support, it had been rejected on the grounds that some countries did not wish to consider another document. Her Group would insist on any member countries' right to propose a consensus document that they considered important, and the membership of UNCTAD had the duty to embark on the process of consultation and consensus-building. The future of the intergovernmental work of UNCTAD would be in jeopardy if delegations did not allow themselves the flexibility and wisdom to negotiate matters of importance to themselves and the organization.

Chapter IV

Other business

Languages for official documentation of the Joint Advisory Group of the International Trade Centre UNCTAD/WTO

42. For its consideration of this item, the Board had before it the following documentation:

Languages for official documentation of the Joint Advisory Group of the International Trade Centre UNCTAD/WTO: draft decision presented by the Group of 77 and China (TD/B/EX(31)/L.2);

Provision of documentation in six languages to the Joint Advisory Group of the International Trade Centre UNCTAD/WTO (TD/B/EX(31)/CRP.1).

43. The representative of **Thailand**, introducing the draft decision on behalf of the **Group of 77 and China**, said that Joint Advisory Group (JAG) documents were part of the official documentation of the Board, and should therefore be produced in all the Board's official languages so as to be accessible to as many people as possible. There should be no objection in principle to that, and WTO had agreed to follow the decision of the United Nations in the matter. The cost of translating into two more languages would represent 0.5 per cent of the proposed ITC budget; the question of the budgetary implications would be taken up by the General Assembly.

44. The representative of **Greece**, speaking on behalf of the **European Union**, said that, if the draft decision was adopted, any additional cost involved should be covered from within existing budgetary resources.

45. The representative of the **United States of America** said that, if the General Assembly decided to add two languages for JAG documentation, translation costs should be absorbed within existing resources.

Action by the Board

46. At its 941st plenary meeting, on 10 March 2003, the Board adopted draft decision TD/B/EX(31)/L.2. (For the text of the decision, see chapter I above.)

Chapter V

Institutional, organizational, administrative and related matters

A. Opening of the session

47. The session was opened by the President of the Board.

B. Adoption of the agenda

48. The Board adopted the provisional agenda as contained in document TD/B/EX(31)/1. (For the agenda, see annex I below.)

C. Bureau

49. The Bureau of the Board was as elected at the forty-ninth regular session, namely:

President:	Mr. Dimiter Tzantchev	(Bulgaria)
Vice-Presidents:	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Boniface Chidyausiku	(Zimbabwe)
	Mr. Luiz Felipe de Seixas Corrêa	(Brazil)
	Mr. Nathan Irumba	(Uganda)
	Mr. Toshiyuki Iwado	(Japan)
	Mr. Douglas M. Griffiths	(United States of America)
	Mr. François Leger	(France)
	Mr. Samuel T. Ramel	(Philippines)
	Mr. Lester Mejía Solís	(Nicaragua)
	Mr. Eberhard Von Schubert	(Germany)
Rapporteur:	Mr. Mehdi Fakheri	(Islamic Republic of Iran)

D. Membership of UNCTAD

50. The Board was informed that the membership of UNCTAD stood at 192 (as listed in document TD/B/INF.199).

E. Membership of the Trade and Development Board

51. The Board was informed that the membership of the Board stood at 148 (as listed in document TD/B/INF.199).

F. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

52. The Board decided that the Arab Authority for Agricultural Investment and Development (AAAID) should be included in the list provided for in rule 76 of its rules of procedure. (For background information on AAAID, see document TD/B/EX(31)/R.1.)

G. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

53. The Board was informed that there were 188 NGOs in status with UNCTAD (as listed in document TD/B/NGO/LIST/5 and Corr.1).

H. Calendar of meetings

54. The Board approved the revised calendar of meetings for 2003 and the first quarter of 2004 (TD/B/INF.198/Rev.1).

I. Report of the Board on its thirty-first executive session

55. The Board authorized the Rapporteur to finalize the report on its thirty-first executive session under the authority of the President.

Annex I

Agenda for the thirty-first executive session

1. Adoption of the agenda.
2. Preparations for the eleventh session of the Conference (UNCTAD XI).
3. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies:
   (a) Report of the Commission on Trade in Goods and Services, and Commodities, seventh session (3–6 February 2003);
   (b) Report of the Commission on Investment, Technology and Related Financial Issues, seventh session (20–24 January 2003);
   (c) Report of the Commission on Enterprise, Business Facilitation and Development, seventh session (24–27 February 2003);
   (d) Report of the Working Party on the Medium-term Plan and the Programme Budget on its fortieth session (13–17 January 2003).
4. Institutional, organizational, administrative and related matters:
   (a) Membership of UNCTAD;
   (b) Membership of the Trade and Development Board;
   (c) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;
   (d) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board.
5. Other business.
6. Report of the Board on its thirty-first session.

Annex II

Attendance*

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Albania
Angola
Argentina
Bahrain
Bangladesh
Belarus
Benin
Bhutan
Bolivia
Brazil
Bulgaria
Burundi
Cameroon
Canada
China
Colombia
Congo
Croatia
Cuba
Czech Republic
Democratic People's Republic of Korea
Denmark
Dominican Republic
Ecuador
Egypt
Ethiopia
Finland
France
Gabon
Germany
Greece
Guatemala
Guinea
India
Indonesia
Iraq
Iran (Islamic Republic of)
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kenya
Latvia
Lebanon
Libyan Arab Jamahiriya
Madagascar
Malta
Mauritania
Mexico
Morocco
Nepal
Netherlands
Nigeria
Oman

* For the list of participants, see TD/B/EX(31)/INF.1.

Panama	Sri Lanka
Paraguay	Thailand
Philippines	Trinidad and Tobago
Portugal	Tunisia
Russian Federation	Uganda
Saudi Arabia	Ukraine
Senegal	United Kingdom of Great Britain and Northern Ireland
Serbia and Montenegro	Venezuela
Slovakia	Viet Nam
South Africa	Yemen
Spain	Zimbabwe

2. The following State member of UNCTAD, not a member of the Board, was represented as an observer at the session:

Holy See

3. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States

European Community

League of Arab States

Organization of African Unity

Organization of the Islamic Conference

4. The following specialized agencies and related organizations were represented at the session:

International Monetary Fund

United Nations Industrial Development Organization

World Trade Organization

5. The following non-governmental organizations were represented at the session:

General Category

International Confederation of Free Trade Unions

World Confederation of Labour

World Federation of Trade Unions

Part five
Report of the Trade and Development Board on its thirty-second executive session (Geneva, 28 July 2003)*

* Originally issued under the symbol A/58/15 (Part IV).

Introduction

Opening statement

1. The **Secretary-General of UNCTAD** said that, at a recent meeting on the Integrated Framework for Trade-related Technical Assistance for Least Developed Countries (IF) in Washington, he had emphasized the need to move on from discussions on process to discussions on actual capacity-building activities that addressed supply constraints. The LDC representatives at the meeting had stressed the need for additionality of the resources provided and for keeping the IF autonomous in relation to other actions, for example PRSPs.

2. With regard to UNCTAD XI, one of the main aspects of the Conference theme concerned the interface between the creation of trading opportunities on the one hand and the creation of national capability to take advantage of those opportunities on the other. Other issues that would warrant particular attention included trade and gender, trade and poverty, and trade and the creative industries. In connection with the first of these, UNCTAD was the lead agency for the Inter-Agency Task Force on Trade and Gender, and he was confident that the Task Force would produce innovative ideas of relevance to the work of the Conference. In the area of trade and poverty, the secretariat was building on the work it had done on the *Least Developed Countries Report 2002*, but it was also looking at poverty in a broader context not confined to LDCs. Work in that area would contribute to the attainment of the Millennium Development Goals. Finally, on trade and the creative industries, the economic impact of these industries was considerable; in the United Kingdom, for example, the creative industries generated revenue approaching £60 billion per annum, contributing over 4 per cent of GDP and employing around 1.5 million people. UNCTAD had done pioneering work in this field, both at the Third UN Conference on the LDCs and in expert meetings.

Chapter I

Activities undertaken by the United Nations Conference on Trade and Development in favour of Africa and in support of the New Partnership for Africa's Development

(Agenda item 2)

3. For its consideration of this item, the Commission had before it the following documentation:

Activities undertaken by UNCTAD in favour of Africa: Report by the UNCTAD secretariat (TD/B/EX(32)/2).

4. UNCTAD's **Special Coordinator for Africa**, introducing the report, said that UNCTAD's activities in favour of Africa were aimed at helping African countries to realize their objectives in the context of the New Partnership for Africa's Development (NEPAD). With regard to technical assistance and advisory services, these activities were aimed at capacity building in the areas of trade and services, investment, trade facilitation, commodities and external debt. The report attempted to place in perspective the reasons for the poor performance of Africa and the declining shares of the continent in world trade. It reviewed the structure and composition of Africa's trade, and the associated problems of commodity dependence; it also discussed the factors influencing both Africa's ability to diversify into more market-dynamic sectors and its competitiveness, even in its traditional exports. The report would serve as a contribution to the African Ministerial Conference on Commodities to be hosted by Senegal towards the end of the year. Finally, it discussed national and international policy measures that might be needed to help Africa overcome some of the hurdles it faced.

5. Concerning related substantive work in the secretariat, the *Review of Maritime Transport 2003* had estimated that freight costs were 50 per cent higher in Africa than in other developing regions, and the problem was particularly acute for the landlocked countries. The *E-commerce and Development Report 2003* showed that Internet use in Africa was only 100 per 10,000 people, while the average for developing countries was four times greater and the world average 36 times greater.

6. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, welcomed the UNCTAD secretariat's close cooperation with the NEPAD secretariat in response to the Trade and Development Board's call for support for the objectives of NEPAD. Africa had the weakest development indicators, and the AIDS pandemic had sapped the continent of its human resources. The marginalization of African countries in world trade had continued unabated, as their economies were dominated by primary commodities which had suffered a secular price decline. The international community needed to address such pressing issues as poverty, the external debt problem, low commodity prices and market access. UNCTAD's activities had made an important contribution to African development, including in trade-related issues; the Group welcomed the substantive analytical work on African development undertaken by UNCTAD and encouraged the secretariat to continue such analysis for a better understanding of Africa's development problems. While commending recent initiatives such as Everything But Arms, the Group of 77 looked forward to exploring with its

development partners how such policies could be promoted so as to contribute directly to economic livelihoods in African countries, as Africa needed the full support of the international community if the Millennium Declaration target of reducing poverty by half was to be achieved.

7. The representative of **Italy**, speaking behalf of the **European Union and the acceding countries**, while thanking the secretariat for providing assistance to African countries and for having worked in close collaboration with the NEPAD secretariat in accordance with the guidelines set by General Assembly resolution 57/7, said that the secretariat's report made only a general reference to NEPAD as providing the framework for the various activities described in the report. He expressed concern at the decreased share of UNCTAD's activities directed to Africa and requested an assurance that stronger focus would be given to Africa in the coming years. UNCTAD's research and analytical work was of high importance for Africa and for developing countries in general, and that work needed to be translated into capacity building activities and programmes. UNCTAD's involvement in the JITAP was most important, and the Integrated Framework was in a crucial phase during which all parties would have to contribute in order to improve the concept. It was important to consider external evaluations of programmes such as ASYCUDA, ACIS and DMFAS in order to assess their strengths and decide how they should be continued and improved. In the field of training, more coherence was required with the Doha Development Agenda and current negotiations.

8. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that the secretariat's report provided important information on activities undertaken by UNCTAD both in technical cooperation and in policy research and analysis. UNCTAD's work contributed to a better understanding of the structural weakness of African countries and the need to enhance human, physical and institutional capacities. A large number of African countries were LDCs, and it was important that UNCTAD's activities take into account not only NEPAD but also the international commitments undertaken in the context of the Third United Nations Conference on the Least Developed Countries held in Brussels. Recommendations set out in the Monterrey Consensus on financing for development also merited effective application by the international community.

9. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, noted that the marginalization of Africa was still of great concern, as the continent's share of world trade had continued to decline. He supported the activities of UNCTAD and those of other international institutions such as ITC in the African region within the context of NEPAD. He looked forward to enhanced cooperation from UNCTAD and the other institutions with a view to developing effective poverty reduction strategies through enhanced market access and finding a solution to the problem of low commodity prices.

10. The representative of **Egypt** identified several problems that afflicted the continent including: armed conflicts, which have displaced large sections of the population; increased poverty and disease, including HIV/AIDS; and environmental problems such as desertification. These problems were underscored by poor economic performance, which demanded concerted and coordinated efforts by the international community if present and future generations were to be saved. African countries had decided to take responsibility for addressing the situation, as manifested in the objectives of NEPAD, which emphasized greater intra-regional trade and monetary union. At various conferences, the international community had pledged support in closing Africa's resource gap, but assistance was also required in the areas of debt cancellation,

arresting the decline of commodity prices in the short term and promoting diversification in the long term, increasing ODA to 0.7 per cent of GNP, abolishing conditionality, and ensuring practical inputs into the current WTO negotiations with a view to addressing Africa's development problems. In this regard, he drew attention to the Meeting of Ministers of Finance and Ministers of Planning and Economic Development held recently in Addis Ababa which had emphasized the need to make adequate financial and technical resources available to development organizations. Despite its limited resources, UNCTAD had managed to undertake a number of activities in favour of Africa, including support for NEPAD. UNCTAD's technical assistance activities were welcomed by the African countries, and more resources were needed for that purpose. He requested the UNCTAD secretariat to provide information on resource requirements.

11. The representative of **Zambia** said that one serious issue that was not being properly addressed in various fora was the question of foreign debt. The Zambian economy had been dependent on exports of copper for many years, but the Government had undertaken a policy of diversification into coffee, sugar, cotton and flowers. The problem was that the prices of these commodities had fallen as Zambia had entered these markets. Multilateral financial institutions had recommended the liberalization of the Zambian economy, but that policy had worked to the disadvantage of the Zambian people. The foreign debt problem of Zambia needed to be resolved if economic growth was to take place.

12. The representative of **Senegal** emphasized the need for more consistent programmes anchored in general development strategies, such as the PRSP and NEPAD. There was a need for a global evaluation to assess levels of assistance required. UNCTAD should increase its links with the NEPAD secretariat, and he welcomed new initiatives undertaken by UNCTAD, in particular the one related to creative/cultural industries.

13. The representative of **South Africa** said that UNCTAD continued to fill an important niche in raising issues with respect to African development. UNCTAD had contributed to NEPAD and African Union Steering Committee Meetings in Johannesburg and Cairo with respect to the NEPAD market access initiative, and this contribution was highly appreciated. He also welcomed UNCTAD's active participation in the interagency cluster on agriculture, trade and market access. UNCTAD's activities in support of African countries in the areas of debt management, Paris Club negotiations and analysis of the implementation of the HIPC Initiative were of particular importance. He questioned the assumptions underlying the debt sustainability analysis in the context of the HIPC Initiative. In the run-up to UNCTAD XI, the main objective should be to strengthen the organization to enable it to provide assistance, particularly for capacity building in African countries.

14. The representative of the **United Republic of Tanzania** drew attention to Africa's marginalization in international trade, declining commodity prices and the debt overhang. The activities of UNCTAD in favour of Africa were welcome, and the international community, in the context of UNCTAD XI, would need to commit itself to decisions that would help African countries to deal with these pressing problems.

15. The representative of **Kenya** said he attached great importance to technical assistance provided by UNCTAD to African countries with respect to multilateral trade negotiations. In the context of its trade-related activities, JITAP and other such initiatives supporting Africa in

WTO negotiations were welcome. UNCTAD should continue to play an active role in assisting African countries to benefit from greater market access in the context of liberalization.

16. The representative of **Ethiopia**, welcoming UNCTAD's support for Africa, expressed concern at the fact that Africa might not be able to reach the Millennium target of reducing poverty by half by the year 2015. Relentless efforts, by both African countries and their development partners, were required to reverse this situation. Through NEPAD, African countries had committed themselves to pursuing sound economic policies, and the African peer review mechanism that had now been established provided a basis for assessing and monitoring African countries' commitments. Development partners needed to discharge their obligations by increasing aid, improving its quality, enhancing policy coherence, opening up market opportunities, reducing debt, providing capacity building and encouraging FDI flows. While the decline in global ODA had been stopped in 2002, aid flows to Africa were far too small, and UNCTAD needed to monitor both the quality and the quantity of these flows. In that connection, the collapse in commodity prices had revealed the serious shortcomings of the HIPC Initiative. The continent's share in world trade had been declining, and its share of FDI remained insignificant. UNCTAD would need to provide assistance in capacity building in all the areas mentioned.

Chapter II

Preparations for the eleventh session of the United Nations Conference on Trade and Development

(Agenda item 3)

17. The **Deputy Secretary-General of UNCTAD** said that preparations for the Conference were proceeding apace, both substantively and logistically. Concerning logistics, a technical mission had just returned from São Paulo, and preparations relating to the Conference facilities were well under way. On substance, efforts were currently concentrated on the secretariat's submission, which would comprise two parts: the first part would provide a historical perspective and assess global developments since UNCTAD X, while the second part, which was intended to serve as a basis for negotiations, would outline the issues involved in all the subthemes, provide policy options, and suggest how UNCTAD could contribute in its future work. With regard to the last point, the general guidance provided by the Conference would be translated into a work programme by the Working Party on the Medium-term Plan and the Programme Budget after the Conference.

18. The representative of **Benin**, speaking on behalf of the LDCs, said that work on the main theme for UNCTAD XI should be as comprehensive and exhaustive as possible and should reflect reality at the national and international levels. The specific problems and needs of LDCs should be duly taken into account so that lasting solutions could be found. Major LDC concerns included the precariousness of commodity prices and the need to improve the principles, rules and mechanisms governing international commodity trade, promotion and diversification of exports, promotion of investment, strengthening of human, institutional and physical infrastructure, the impact of debt, the decline in ODA, and the need to ensure effective implementation and follow-up of outcomes of major international conferences. Finally, the UNCTAD secretariat should take the necessary steps to ensure the effective participation of LDC representatives in all aspects of the preparations for UNCTAD XI, both in Geneva and elsewhere.

19. The representative of **Senegal** said that UNCTAD XI would provide a good opportunity for stocktaking and assessing what had happened since UNCTAD X. The new thinking that had characterized the Mid-term Review, for example in respect of benchmarking, should guide preparations for UNCTAD XI. The open attitude being taken towards the participation of civil society in the context of the Conference was welcome.

Chapter III

Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies

(Agenda item 4)

Report of the Working Party on the Medium-term Plan and the Programme Budget on its fortieth session (second part), 21-23 May 2003

20. For its consideration of this item, the Board had before it the following documentation:

Report of the Working Party on the Medium-term Plan and the Programme Budget on its fortieth session (second part), 21-23 May 2003 (TD/B/EX(32)/3).

Action by the Board

21. At its 942nd plenary meeting, on 28 July 2003, the Board took note of the report of the Working Party, as contained in document TD/B/EX(32)/3, and endorsed the agreed conclusions contained therein.

Chapter IV
Other matters in the field of trade and development

(Agenda item 5)

Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-sixth session (28 April – 2 May 2003)

22. For its consideration of this item, the Board had before it the following documentation:

Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-sixth session (28 April – 2 May 2003) (ITC/AG(XXXVI)/195).

23. The **Deputy Executive Director of ITC**, introducing the report, said that, at the Joint Advisory Group's session, both the Secretary-General of UNCTAD and the Deputy Director General of WTO had commended ITC on its performance. ITC intended to build on its achievements, and its plan for growth rested on three principles: remaining focused and continuing to do what it did best; continuing to innovate in technical assistance; and working towards greater field-level impact. The Joint Advisory Group (JAG) had acknowledged the relevance of ITC's overall approach to trade-related technical assistance, and had underscored the importance of UNCTAD, WTO and ITC working together to ensure a coherent and comprehensive approach. JAG had also agreed to define the modalities for an independent external evaluation of ITC aimed at determining how ITC's role in trade-related technical assistance could be enhanced. Finally, he thanked donors for their announced voluntary contributions.

24. The representative of **South Africa** welcomed the reappointment of Mr. Belisle as Executive Director of ITC. The pledges made by donors reflected their confidence in the Centre.

25. The representative of **China** said that ITC was playing an increasingly important role in helping developing countries, and its work was viewed positively by its member States. Evaluation of activities was important, and in that connection transparency was crucial. There would be a need for more coordination with UNCTAD and WTO if the evaluation resulted in the required adjustment of mandate.

Action by the Board

26. At its 942nd plenary meeting, on 28 July 2003, the Board took note of the report of the Joint Advisory Group on its thirty-sixth session.

Chapter V
Other business

(Agenda item 7)

Implementation of paragraph 166 of the Bangkok Plan of Action

27. The representative of **Argentina**, speaking on behalf of the **Latin American and Caribbean Group**, said it was important that activities carried out within the framework of paragraph 166 of the Bangkok Plan of Action be considered at the regular session of the Board. Human resources capacity building in developing countries was a key activity, and it was essential for the President of the Advisory Body set up in connection with paragraph 166 to inform the Board of the secretariat's work in that connection, in accordance with Board decision 466 (XLVII).

28. The **President of the Board** informed the Board that, in his capacity as President of the Advisory Body, he would report to the Board at its next regular session on the activities carried out within the framework of paragraph 166.

Chapter VI
Institutional, organizational, administrative and related matters

(Agenda item 5)

A. Opening of the session

29. The session was opened by the President of the Board.

B. Adoption of the agenda

30. The Board adopted the provisional agenda as contained in document TD/B/EX(32)/1. (For the agenda, see annex I below.)

C. Bureau

31. The Bureau of the Board was as elected at the forty-ninth regular session, namely:

President:	Mr. Dimiter Tzantchev	(Bulgaria)
Vice-Presidents:	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Boniface Chidyausiku	(Zimbabwe)
	Mr. Luiz Felipe de Seixas Corrêa	(Brazil)
	Mr. Nathan Irumba	(Uganda)
	Mr. Toshiyuki Iwado	(Japan)
	Mr. Douglas M. Griffiths	(United States of America)
	Mr. François Leger	(France)
	Mr. Samuel T. Ramel	(Philippines)
	Mr. Lester Mejía Solís	(Nicaragua)
	Mr. Eberhard Von Schubert	(Germany)
Rapporteur:	Mr. Mehdi Fakheri	(Islamic Republic of Iran)

D. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

32. At its 942nd plenary meeting, on 28 July 2003, the Board agreed that Mandat International and the World Federation of Free Zones (FEMOZA) be designated for the purposes of rule 77 of its rules of procedure and be classified in the general category in accordance with the terms

of paragraph 12(b) of Board decision 43(VII). (Background information on the two organizations was available to the Board in documents TD/B/EX(32)/R.1 and R.2.)

33. The Board was also informed that, in conformity with the _ of Board decision 43 (VII), sections III and IV, and after consultation with the Government of the Government of Benin, the Secretary-General of UNCTAD had decided to enter the Centre Béninois pour le Développement des Initiatives à la Base (CBDIBA) in the Register of national non-governmental organizations provided for under Board decision 43 (VII). (Background information on the organization was available to the Board in document TD/B/EX(32)/L.1.)

E. Report of the Board on its thirty-second executive session

34. The Board authorized the Rapporteur to finalize the report on its thirty-second executive session under the authority of the President.

Annex I

Agenda for the thirty-second executive session of the Board

1. Adoption of the agenda.
2. Activities undertaken by the United Nations Conference on Trade and Development in favour of Africa and in support of the New Partnership for Africa's Development.
3. Preparations for the eleventh session of the United Nations Conference on Trade and Development.
4. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies:

   Report of the Working Party on the Medium-term Plan and the Programme budget on its fortieth session (second part), 21-23 May 2003.
5. Other matters in the field of trade and development:

   Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-sixth session (28 April-2 May 2003).
6. Institutional, organizational, administrative and related matters:

   Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board.
7. Other business.
8. Report of the Board on its thirty-second executive session.

Annex II

Attendance*

1. Representatives from the following States members of UNCTAD attended the session:

Angola
Argentina
Austria
Bahrain
Bangladesh
Belarus
Benin
Bulgaria
Cameroon
China
Colombia
Congo
Cuba
Czech Republic
Ecuador
Egypt
Ethiopia
Finland
France
Germany
Ghana
India
Indonesia
Iran (Islamic Republic of)
Israel
Italy
Kenya
Latvia
Libyan Arab Jamahiriya
Macedonia
Madagascar
Malaysia
Mauritius
Mexico
Nepal
Nigeria
Norway
Oman
Philippines
Poland
Portugal
Russian Federation
Senegal
South Africa
Spain
Sudan
Switzerland
Thailand
United Republic of Tanzania
United States of America
Zambia
Zimbabwe

* For the list of participants, see TD/B/EX(32)/INF.1.

2. The following State member of UNCTAD, not a member of the Board, was represented as an observer at the session:

Monaco

3. The following intergovernmental organizations were represented at the session:

South Centre

Organization for African Unity

Organisation Internationale de la Francophonie

4. The following specialized agencies and related organizations were represented at the session:

World Bank

International Trade Centre

United Nations Industrial Development Organization

International Labour Organization

World Trade Organization

5. The following non-governmental organizations were represented at the session:

General Category

International Confederation of Free Trade Unions

World Association of Small and Medium-sized Enterprises

Part six
Report of the Trade and Development Board on its fiftieth session (Geneva, 6 to 17 October 2003)*

* Originally issued under the symbol A/58/15 (Part V).

Introduction

1. The fiftieth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 6 to 17 October 2003. In the course of the session, the Board held nine plenary meetings (944th to 952nd).

2. The present report to the United Nations General Assembly has been prepared under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I), summaries of discussions under certain items (section II), and procedural, institutional, organizational and administrative matters (section III).

3. Volume II of the report of the Board on its fiftieth session TD/B/50/14 (Vol. II) will reflect the statements made in the course of the session on the various items of the agenda.

Chapter I

Action by the Trade and Development Board on substantive items on its agenda

A. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010

Agreed conclusions 476 (L)

The Trade and Development Board has reviewed the UNCTAD-wide activities of implementation of the Programme of Action for Least Developed Countries (LDCs) for the Decade 2001–2010 and, in this context,

1. *Takes note* of the background reports submitted by the UNCTAD secretariat as contained in documents TD/B/50/3 and TD/B/50/5 as well as of the progress report on the implementation of the Integrated Framework for Trade-Related Technical Assistance for LDCs (IF) as contained in document CRP/B/50/CRP.1;

2. *Urges* the secretariat to work together with donors with a view to reversing the declining share of LDCs in the technical cooperation resources of UNCTAD and intensifying its activities in support of the LDCs within its mandates, and to continue to report to the Board at its regular sessions on UNCTAD's activities in favour of these countries, including on activities related to the IF; and *emphasizes* the need for UNCTAD to continue to contribute to the mandated reviews by ECOSOC and the General Assembly of the implementation of the Programme of Action for LDCs for the Decade 2001–2010;

3. *Bearing in mind* the challenges faced by LDCs, *recognizes* the efforts of their Governments to promote political stability and create conducive macro-economic conditions for investment so as to exploit market access opportunities, and *urges* them to continue these efforts;

4. *Recognizes* the potential contribution of preferential market access to the sustained economic growth and development of LDCs, including for poverty reduction, through employment creation and income generation in these countries;

5. *Expresses appreciation* for the efforts of the development partners of LDCs, particularly those who have taken further initiatives to improve market access conditions for LDCs, and *urges* others who are in a position to do so, to take similar measures and implement market access commitments in favour of LDCs;

6. *Recognizing* initiatives taken so far, *invites* developing countries, in the context of South-South cooperation and including through the Global System of Trade Preferences among Developing Countries (GSTP), to make further efforts to improve market access for LDCs;

7. *Calls on* development partners to give high priority to enhancing LDCs' supply capacities and to address remaining bottlenecks hindering their market entry so as to enable them to derive full benefits from the market access offers and from other international support measures accorded to them;

8. *Encourages* the UNCTAD secretariat to intensify its activities for strengthening country ownership of the IF process, *inter alia* through the preparation of pre–Diagnostic Trade Integration Study (DTIS) activities, as well as follow-up to the DTIS Action Matrices, and *calls on* bilateral and multilateral donors to continue to provide support and financial contributions, including through the IF Trust Fund;

9. *Notes* with concern the continued decline in many commodity prices, which results in a substantial loss of export earnings for the majority of the LDCs, and *requests* the UNCTAD secretariat, in cooperation with other relevant agencies, to explore ways of strengthening activities in the fields of commodity diversification, technical assistance and capacity building so as to bring about greater value added in the commodity sector of LDCs;

10. *Encourages* the UNCTAD secretariat to undertake further work on how to enhance the benefits to LDCs from preferential market access and from other international support measures; in this context, *requests* the secretariat to perform analyses concerning the consequences to LDCs of the possible erosion of preferences resulting from further trade liberalization and, as appr priate, recommend measures to assist the LDCs to mitigate the adverse consequences;

11. *Further requests* the secretariat, in the run-up to UNCTAD XI, to identify, in collaboration with other relevant agencies, pilot projects and countries to address the issues of supply capacities and diversification with a view to enabling LDCs to benefit more effectively *inter alia* from preferential market access initiatives;

12. *Calls on* the UNCTAD secretariat, in cooperation with the World Trade Organization (WTO) and other relevant agencies, to continue to assist LDCs in their participation in the post-Doha Work Programme through, *inter alia,* trade negotiations and commercial diplomacy programmes as well as through accession-related activities, with special attention to their problems and needs as primary-commodity-exporting countries;

13. *Expresses appreciation* to bilateral donors for their continued support and financial contributions to the UNCTAD Trust Fund for LDCs and *invites* them to regularly replenish the Trust Fund, which is the main source of executing and sustaining technical cooperation programmes in LDCs;

14. *Requests* the UNCTAD secretariat to mobilize adequate extrabudgetary resources for the participation of LDCs in the preparatory process for UNCTAD XI and in the conference itself, and invites donors to earmark contributions for this purpose;

15. *Welcomes* the ongoing cooperation between UNCTAD and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States as demonstrated by the successful convening of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation in Almaty, Kazakhstan, in August 2003; and *emphasizes* that such cooperation should be further strengthened, including with other programmes and agencies of the UN system, the Bretton Woods institutions and the WTO so as to ensure that LDCs derive full and effective benefit from such cooperation.

952nd plenary meeting
17 October 2003

B. Economic development in Africa: issues in Africa's trade performance

Agreed conclusion 477 (L)

1. The Board reviewed the report by the UNCTAD secretariat entitled "Economic development in Africa: Issues in Africa's trade performance" (TD/B/50/6), and it:

2. *Noted* that trade constituted an increasing share of Africa's gross domestic product (GDP). However, it was a matter of concern that Africa's share in international trade had fallen considerably in the past 20 years, representing 2 per cent of world trade. Its share in commodity exports where it traditionally had comparative advantage had also decreased;

3. *Recognized* that for African countries to fully benefit from trade, which in many cases is the single most important external source of development financing, the establishment and enhancement of appropriate institutions and policies are needed, and that in this context enhanced market access, balanced rules and well-targeted, sustainably financed technical assistance and capacity-building programmes also play important roles;

4. *Encouraged* African countries to continue their efforts for the promotion of peace and stability and strengthening of their economic and legal framework, which are essential factors for the strengthening of their economic and social development and the enhancement of their participation in international trade;

5. *Considered* that commodity dependence and the inability of many African countries to diversify their productive and export base, as well as secular decline in the prices of most commodities exported by Africa, were among the reasons for this poor performance. Africa thus suffered important terms-of-trade losses with a direct impact on national savings and investment and on its external debt. It noted that African producers remain at the bottom of the value chain of their exports, while the major portion of value is in general captured by traders, processors and retailers;

6. *Noted* that the decline in commodity prices was due to structural oversupply owing either to more efficient production and new entrants in the market or agricultural subsidies. In this regard, the reduction of agricultural subsidies, the reduction and elimination of tariff peaks, and tariff escalation, as well as addressing non-tariff barriers and trade protection measures, constitute part of the continuing post-Doha negotiations and are a key element for increasing African exports;

7. *Welcomed* greater market access provided through initiatives such as Everything But Arms (EBA), the African Growth and Opportunity Act (AGOA) and other preferential market access schemes and *noted* the increase in the exports to those markets. However, the benefits from such schemes could be enhanced through addressing issues such as rules of origin, sanitary and phytosanitary measures, technical barriers to trade and productive capacity;

8. *Agreed* that the ability of African producers to retain and increase market share and move up the value chain should be enhanced through measures such as provision of extension services and farm inputs, transportation, market information, quality control and assistance to farmers. In this regard, the Board *encouraged* the design and delivery of appropriate technical assistance to realize the above objectives;

9. *Recognized* the crucial importance of the commodities trade for Africa's economic development. In this regard, the Board *called for* support of efforts, initiatives and activities aimed at developing and upgrading African countries' productive capacity, increasing their export earnings and adjusting to fluctuating commodity prices;

10. *Recognized* that there is an important potential for innovation and better promotion of commodities of export interest to Africa, including non-traditional exports, and called for support and exchanges of experiences in this area;

11. *Noted* that measures aimed at addressing the challenges posed by fluctuating commodities prices could be considered;

12. *Welcomed* the efforts by African countries in consolidating the regional and subregional initiatives in pursuance of the integration agenda set in the Abuja Treaty establishing the African Economic Community, and *recognized* that there is great benefit to be derived from intraregional trade and creating wider economic spaces. It also *recognized* the greater scope for interregional cooperation. It *requested* UNCTAD, in collaboration with regional economic communities, to undertake further studies on intraregional trade in Africa with a view to identifying the potential for its further expansion;

13. *Considered* that support by the international community is required in order to complement the efforts of African countries in the context of the New Economic Partnership for Africa's Development (NEPAD) to improve the application of the HIPC Initiative and to supply additional public and private resources to bridge the investment gap;

14. *Agreed* that UNCTAD should, within its mandate, continue to support African countries in the endeavour to meet the aims and objectives of NEPAD and to provide analysis and policy advice on African development.

952nd plenary meeting
17 October 2003

C. Technical cooperation activities: review of technical cooperation activities of the United Nations Conference on Trade and Development

Decision 478 (L)

The Trade and Development Board,

1. *Takes note* of the report on the review of technical cooperation activities of UNCTAD (TD/B/50/2-TD/B/WP/163 and Add. 1 and 2);

2. *Welcomes* the increase in extrabudgetary financial resources while expressing concern over the declining share going to LDCs and Africa;

3. *Recommends* that the secretariat implement the text attached to this decision as the strategy for UNCTAD's technical cooperation activities, taking into account the ideas contained in the note on capacity development (TD/B/50/9-TD/B/WP/168);

4. *Invites* the secretariat to further strengthen the coordination between the different entities of the secretariat with a view to integrated approaches and through dissemination of this strategy among all staff members, particularly project managers;

5. *Invites* the secretariat to make a presentation on this strategy and its implementation on the occasion of UNCTAD XI, and to make sustained efforts to promote it among donors and beneficiary countries;

6. *Requests* the Working Party on the Medium-term Plan and the Programme Budget, at its annual sessions dealing with technical cooperation activities, to review progress in the implementation of this strategy and report the outcome of such reviews to the Trade and Development Board;

7. *Requests* donors and beneficiaries to support the strategy and to ensure the availability of predictable and sustainable resources for its implementation.

Annex

Technical cooperation strategy for UNCTAD

1. The strategy for UNCTAD's technical cooperation was prepared in accordance with the agreed conclusions of the second part of the fortieth session of the Working Party, held in May 2003, in which the Working Party took note of the information provided by the secretariat in document TD/B/WP/167, 'Note by the secretariat', and of the indication that a new draft strategy for UNCTAD's technical cooperation would be prepared and presented to the Working Party at its forty-first session for consideration by member States.

Scope, guiding principles and objectives

2. The strategy sets out the operational activities of UNCTAD that address the practical problems of trade and development in an era of globalization and liberalization. It is designed to strengthen the effectiveness and impact of the overall technical cooperation of UNCTAD as an essential complement to the institution's policy analysis and the work of its intergovernmental machinery.

3. The objective of UNCTAD's technical cooperation is to assist developing countries to integrate into the global economy. This strategy aims at enhancing their endogenous capacity to face challenges and reap opportunities to be derived from that integration, and to set and implement their own development strategies. The effectiveness of technical cooperation depends on national inputs, particularly the level of ownership and local capacity developed by each operation, and on the symbiosis between national development strategies and development-friendly global mechanisms.

4. In this regard, UNCTAD's technical cooperation will particularly emphasize the development of human, institutional, productive and export capacities of all beneficiary countries. Activities will be supportive of poverty reduction policies and the implementation of the international development

goals, including those contained in the Millennium Declaration, and the relevant recommendations of global conferences.

5. UNCTAD's technical cooperation should be directed towards developing countries with greatest need. Least developed countries will have priority in assistance provided by UNCTAD. Specific needs of small island developing States, landlocked and transit developing countries and certain developing countries with structurally weak and small, vulnerable economies should be addressed. UNCTAD should continue to provide technical cooperation to economies in transition.

6. In providing its technical cooperation services, UNCTAD will draw on its expertise as the focal point within the United Nations for the integrated treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development. In doing so, analytical work and operational activities will be further supportive of each other, aiming at ensuring coherence among the thematic areas of UNCTAD's expertise.

7. UNCTAD's technical cooperation will be determined in the light of the outcome of UNCTAD XI, by its work programme priorities set out in the final document of UNCTAD X, and as reflected in the relevant decisions of the Trade and Development Board, as well as relevant outcomes of recent global conferences, such as the International Conference on Financing for Development, the World Summit on Sustainable Development, the Third United Nations Conference on LDCs, the fourth and fifth WTO Ministerial Conferences, and the International Ministerial Conference of Landlocked and Transit Developing Countries.

8. Member States will review and update this strategy as appropriate in the light of evolving development needs and UNCTAD mandates.

9. Different short- and long-term technical cooperation instruments will be used as appropriate, according to the nature and objectives of each operation or programme and in order to respond to the different needs of beneficiaries. UNCTAD's technical cooperation will focus on capacity development, while not losing sight of short-term and targeted interventions. This focus implies enhancing developing countries' endogenous capacity to formulate, implement and evaluate home-grown policies for: (i) the development and diversification of their domestic productive sector, (ii) the design and implementation of trade and investment policies and negotiating strategies, and (iii) the development of trade support services, within the framework of their development goals and taking into account the evolving international environment.

10. Stemming from the focus on capacity development, UNCTAD's technical cooperation will have the following features:

(a) It will be demand-driven, based on beneficiaries' needs;

(b) It will be designed and implemented in such a manner as to ensure the ownership of the beneficiaries and to be supportive of national development efforts;

(c) Programme design, formulation and implementation will be carried out in close consultation with beneficiaries and donors;

(d) The main thrust will be to target long-term development needs such as human and institutional capacity;

(e) Particular attention will be paid to the goal of sustainability of projects and programmes;

(f) With a view to increasing the effectiveness and enhancing the impact of technical cooperation activities, a well sequenced approach will be adopted in the formulation and implementation of programmes and activities; and

(g) The programmes will be designed and implemented in cooperation with international and regional agencies providers of trade- and investment-related technical cooperation, and in partnership with academia, the business community and NGOs.

11. An integrated approach for the delivery of technical cooperation will be pursued at both the UNCTAD and the inter-institutional level.

(a) At the UNCTAD level, through more inter-divisional cooperation, the integrated approach will provide for delivery of holistic and multidisciplinary technical cooperation and capacity development in UNCTAD's areas of expertise. This will provide more coherence in UNCTAD's operation and lessen the incidence of fragmented interventions; and

(b) At the inter-institutional level, UNCTAD will seek to strengthen cooperation and increase joint activities with other agencies providers of trade and investment technical assistance, and in particular with the United Nations regional commissions, UNDP, WTO, ITC, the World Bank and other intergovernmental institutions, including regional and subregional institutions. The main goal of UNCTAD's cooperation with other providers of trade and investment technical cooperation will be to maximize the impact of operations and increase the complementarities between institutions, so as to take advantage of their respective expertise, taking into account their mandates and comparative advantages, increase synergy and avoid duplication. Instruments such as Memoranda of Understanding and inter-agency task forces will be used as appropriate to determine the specific content of inter-institutional cooperation and complementarities.

12. According to the needs identified in each case, as well as to the human and financial resources available, regional and interregional activities benefiting a larger number of beneficiaries will be encouraged.

13. Subject to availability of human and financial resources, country-level activities will be intensified. This in particular applies to topics and modalities of technical cooperation that require customized, long-term and intense national-based operations, according to beneficiary interests and commitment in support of the operation. In this connection, cooperation and joint undertakings with United Nations Resident Coordinators and relevant agencies with field representation will be increased, particularly in the formulation and implementation of countries' national trade and development strategies. Similarly, UNCTAD will seek increased participation in country-level mechanisms such as the CCA/UNDAF, the World Bank Consultative Groups, and UNDP Round Tables.

Main forms of technical cooperation

14. UNCTAD's technical cooperation will revolve around policy analysis, institutional capacity development, and human capacity development. With regard to forms of technical cooperation, UNCTAD's technical cooperation will include, among others:

(a) Exchanges of development experiences;

(b) South/South cooperation and technical cooperation among developing countries (TCDC);

(c) National case studies and thematic studies on particular development issues as part of the secretariat's work programme and as a contribution to intergovernmental and expert deliberations;

(d) Policy reviews in the areas of development, trade, investment and science, technology and innovation, and assessments of the efficiency of trade supporting services;

(e) Advisory services at the country, subregional and regional level;

(f) UNCTAD-wide integrated country-level activities for selected countries, within the context of country-level coordination, in particular for least developed countries; these should also contribute to policy dialogues at World Bank consultative groups and UNDP round tables;

(g) Support for human resources and institution-building, including the development of tool kits (e.g. software and manuals on best practices) and advice and training on their application and utilization by beneficiary countries;

(h) Training activities encompassing both structured HRD programmes that seek to strengthen local training and research capacities, as well as *ad hoc* training workshops and familiarization seminars; and

(i) Dissemination of information on trade, investment and related matters from UNCTAD databases to developing countries, for use by Governments or civil society.

15. UNCTAD should also further develop guidelines for partnerships with NGOs, especially regarding their involvement in thematic discussions and in delivering technical cooperation services. Several NGOs are nowadays full-fledged partners of some UNCTAD programmes, and this situation should occur more often in the future. Cooperation with the private sector, civil society and the academic community from all regions of the world will be strengthened: in part as beneficiaries, in accordance with national priorities, of UNCTAD's operational activities, and in part as sources of relevant experience and expertise for such activities. Partnerships with beneficiaries' stakeholders will be given special attention in the design and implementation of operations.

16. In carrying out technical cooperation, and in order to facilitate the exchange of the lessons of development experiences, efforts should focus on institutional capacity building. UNCTAD will:

(a) Enhance and make full use of national expertise and institutions, so as to ensure that national stakeholders are active partners in the design and implementation of activities in the form of priority setting, skills and resources;

(b) Promote networking, including twinning arrangements, among institutions working in similar or related fields, including institutions in developed countries; and

(c) Draw upon institutions and expertise in other developing countries by using TCDC modalities.

Monitoring and evaluation

17. Projects and programmes will be monitored on a continuous basis for their development impact – particularly from the point of view of the development of national capacities – and for their cost-effectiveness. To facilitate this, measurable targets will be set up when projects begin. This includes benchmarks and indicators of achievement at the stage of project formulation that will also set the ground for project evaluation.

18. Selected projects and programmes will be subject to independent evaluation in agreement with both the beneficiary country(ies) and the donor(s). Evaluations will examine the impact of activities against their objectives and will propose practical recommendations to deal with deficiencies. The Working Party on the Medium-term Plan and the Programme Budget will consider each year an in-depth study on a technical cooperation programme.

19. The Board will review the technical cooperation activities of UNCTAD, including their cost-effectiveness. It will be assisted in this task by the Working Party, which will meet for this purpose immediately prior to the Board.

20. In order to ensure the effective integration of analytical work with technical cooperation, responsibility for project preparation and implementation is entrusted to the corresponding secretariat entity responsible for the work programme. UNCTAD's Technical Cooperation Service will have

responsibility for ensuring the overall coherence of the secretariat's technical cooperation activities and the implementation of the strategy.

21. Strict quality control will be exercised by the secretariat through adherence to commonly established quality standards at the project design, implementation, monitoring and evaluation stages.

22. The management of technical cooperation will be improved by streamlining administrative procedures. An appropriate share of the support costs received by UNCTAD for project execution will be allocated to the responsible substantive programme in a transparent and equitable manner.

Support by member States

23. In order to support the long-term goals entailed by the focus on capacity development, donor and beneficiary countries as well the secretariat will cooperate in ensuring that the human and financial resources allocated to the implementation of this strategy achieve the required predictability and sustainability. For this purpose, priority will be given to longer-term sustainable activities, particularly through multi-year funding mechanisms and inter-divisional operations based on the thematic priorities set by the UNCTAD work programme.

949th plenary meeting
10 October 2003

D. Other action taken by the Board

1. Review of technical cooperation activities of the United Nations Conference on Trade and Development

4. At its 949th plenary meeting, on 10 October 2003, The Board adopted the draft decision contained in document TD/B/50/L.4 and Add.1, containing the Technical Cooperation Strategy of UNCTAD. The Board also took note of the report of the Working Party on its forty-first session, as contained in document TD/B/50/12, and endorsed the agreed conclusions of the Working Party on "In-depth evaluation of the technical assistance programme on trade, environment and development" and the "Progress report on the implementation of the second phase of UNCTAD's website".

2. Report on UNCTAD's assistance to the Palestinian people

5. At its 950th plenary meeting, on October 2003, the Board took note of the report on UNCTAD's assistance to the Palestinian people (TD/B/50/4) and of the statements made by delegations. In accordance with General Assembly decision 47/445, it was decided that the report of the Board on its fiftieth session to the General Assembly would include an account of the deliberations under this item.

3. Preparatory process for the eleventh session of the Conference

6. At its 949th plenary session, on 10 October 2003, the Board established an open-ended Preparatory Committee for UNCTAD XI under the chairmanship of the President of the Board. It also approved the draft provisional agenda for UNCTAD XI (see annex II).

4. Progressive development of the law of international trade: thirty-sixth annual report of the United Nations Commission on International Trade Law

7. At its 950th plenary meeting, on Tuesday, 14 October 2003, the Board took note of the report of UNCITRAL on its thirty-sixth session, held in Vienna from 30 June to 11 July 2003 (A/58/17).

5. Report of the Meeting of Eminent Persons on Commodity Issues

8. At its 951st plenary meeting, on 17 October 2003, the Board took note of the Report of the Meeting of Eminent Persons on Commodities Issues (TD/B/50/11) and transmitted it to the General Assembly for its consideration. It further decided to include a summary of the statements made on the item in its report.

Chapter II

Summaries of the Board's discussion on substantive items on its agenda

A. Interdependence and global economic issues from a trade and development perspective: Capital accumulation, economic growth and structural change

President's summary*

9. The debate addressed the implications of the current situation in the world economy and the short-term outlook. There was agreement that, although weakening export demand and falling commodity prices have affected income growth in a large number of developing countries, the current situation shows that there are considerable variations among developing countries with regard to their vulnerability to different types of shocks and in their capability to respond to such shocks.

10. While the developing countries in Asia and countries with economies in transition have been able to maintain relatively high growth rates thanks to an expansion of domestic demand and other successful policy measures, the Latin America and Caribbean region has been most affected by the recent global economic slowdown, which has led to a deteriorating social and political climate in several countries of the region. It is now necessary to find a durable solution to the balance-of-payments and external debt problems of a number of countries in the region.

11. Although Africa has been somewhat less affected by the global slowdown since 2001, the HIV/AIDS pandemic, political instability and armed conflict, in addition to weak commodity prices and insufficient inflows of official and private capital, have contributed to a real development crisis. It was suggested that improving growth prospects for Africa require more growth-oriented policies and a solid recovery in the world economy. Strengthened international financial cooperation, as agreed in the Monterrey Consensus, and a world trading and financial system that is more supportive of development, were also considered essential. The New Partnership for Africa's Development (NEPAD) was seen as a reason for optimism.

12. The SARS pandemic, although rapidly contained, has slowed down growth in several economies in Asia. Nevertheless, Asia has been the fastest-growing region and is gaining increasing importance for global growth dynamics. Several delegations noted that in East Asia the strength of macroeconomic fundamentals and balance-of-payments positions have allowed considerable room for domestic demand expansion to support growth, which has been reinforced by strong intraregional trade linkages, with China as the most rapidly growing export market for the region. The resilience of the Asian economies and their fast growth were considered to be the result of successful policies over many years, which have fostered capital accumulation, growth and structural change.

* Included in the Board's report to the General Assembly by decision of the Board at its closing (952nd) plenary.

13. There was agreement that short-term prospects for global growth, although they might be more positive than suggested in the *Trade and Development Report 2003 (TDR)*, continued to be troubled by a number of uncertainties and imbalances, with negative consequences for the developing countries. Quite a number of delegations underlined the need for firm action on the part of the developed countries to stimulate growth and to ensure a smooth and orderly rebalancing of the world economy in order to avoid any further disruption of the recovery.

14. Very serious concerns were expressed regarding the uncertainties about whether the Millennium Development Goals, especially the goal of halving poverty by the year 2015, will be met. Some delegations believed that, even under the most optimistic scenario, it will be impossible to meet these Goals, especially in Africa.

15. Another major theme of the discussion under item 2 was capital accumulation, economic growth and structural change. Here, the debate was enriched by the analytical work contained in the *TDR* and a panel discussion with experts. Although some doubts were raised on parts of the analysis contained in the *TDR*, the *Report* was seen as a great contribution to the international development policy debate.

16. Delegations agreed that the economic and policy reforms undertaken in many countries of Latin America and Africa during the 1990s, with their emphasis on trade and financial liberalization, deregulation, privatization, foreign direct investment (FDI) and reducing State intervention, have not delivered the desired results in terms of growth and creating an appropriate macroeconomic setting for the creation and expansion of productive capacity and the improvement of productivity. There was also agreement that growth and poverty reduction cannot be sustained without an adequate level of capital accumulation, and the East Asian experience shows that the structure and quality of private and public investment matter for successful industrialization, productivity growth and structural change.

17. In the light of these experiences, a majority of delegations agreed on the need to rethink the design of reform programmes and development strategies. One delegation suggested that, while the Washington Consensus continues to be valid and countries attempting to achieve stable growth in the current world economy still need to pay attention to its precepts, it has become clearer over time that, in order to establish strong, equitable and sustained growth, it is also essential to ensure good governance, transparency and broad-based institutional development. Some delegations believed that some policy latitude for developing countries is necessary to enable Governments to react when the international economic environment turns unfavourable.

18. Many other delegations believed that a more profound revision of development strategies is required, with an important role not only for market forces but also for the state. Such a strategy should rely on both exports and domestic markets, and take into account each country's specific structures and capacity for social and economic change. There was a lively debate on the extent to

which the East Asian experience over the past two decades might be successfully replicated by other developing regions. It was argued that, while a high investment ratio has been the engine of growth in many of the most successful economies, other elements are also relevant for a viable development strategy, including regional integration and improved technology inflows, which may or may not be linked to FDI.

19. The issue of policy space was addressed by many delegations, arguing that trade liberalization alone is not sufficient to boost development and prosperity and to accelerate income convergence. For quite a number of delegations, an important lesson from recent experience is that developing countries require sufficient policy space to develop local industries and to manage their integration into the world economy in a more balanced manner. There was agreement that such policies need to be linked to an outward-oriented development strategy, albeit with recognition of the constraints imposed by international arrangements. As the consequences of liberalization have to be socially acceptable, more attention has to be paid to income distribution, social programmes, land reform, and education. The negative consequences on macroeconomic stability in most developing countries resulting from premature financial and capital account liberalization without an effective regulatory framework were also emphasized. In the absence of international arrangements to attain greater financial stability, it is important for developing countries to retain policy autonomy to limit their exposure to volatile international capital markets. Some delegations also drew attention to the importance of enhancing capacity building in developing countries and creating mechanisms to protect them against the impact of volatile international markets.

20. It was also stated that, while a more favourable global environment is required to accelerate development, developing countries themselves should engage actively in market-oriented reforms and the formulation of proactive monetary, financial and industrial policies. They should open to the world economy gradually and reduce their dependence on primary commodities.

21. The debate on interdependence frequently referred to the negative outcome of the Cancún Ministerial Meeting, which is of great concern to all member countries. Renewed protectionism and unilateral action are not the way forward, not least because these would damage the developing countries the most. Representatives from developing countries deplored in particular the lack of progress in the areas of agriculture and improved market access, which is considered to be crucial for the viability of their emerging industrial sectors. Many delegations believed that the failure of Cancún was due to the existing imbalances in the multilateral trading system, which, in their view, have contributed to the widening gap between the rich and the poor.

22. There was agreement about the need to resume the multilateral trade negotiations as soon as possible. Further progress in reforming the international trading system is clearly desirable for the entire international community. A majority of delegations, in particular from developing countries, stressed the urgency of strengthening the development dimension in the multilateral trading system, if globalization is to generate benefits for all countries. Several delegations expressed the view that, so

far, the benefits of globalization have been concentrated in a small number of countries, while it has contributed to increased poverty and continued underdevelopment in many others, thereby accentuating global disparities and jeopardizing peace and stability in the world.

23. In order to put the Doha round back on track, it is now necessary that the negotiations take fully into account the particular needs and interests of the developing countries, in particular in the area of agriculture. Developed countries were called upon to do more to liberalize their trade regimes, while the developing countries were encouraged to increasingly open their markets for each other's exports. In addition, systematic efforts were considered to be necessary to achieve greater coherence between the international trading and financial systems. There is a need for an integrated approach to global economic governance and for concrete and sufficiently funded programmes to protect developing countries, in particular the least developed, landlocked and island economies, and economies and transition against the impact of external shocks and to bridge the widening gap that separates them from those who are better off.

24. Many delegations also reiterated their support for the Monterrey Consensus. All developing countries and some developed countries felt that more effort was needed from developed countries to provide technical and financial assistance, and especially to live up to the internationally agreed targets for official development assistance.

25. A large number of delegations stated that UNCTAD remains the best forum to discuss the challenges of global economic interdependence from a development perspective, to explore better ways of enhancing the economic development of developing countries, and to forge consensus on all issues related to trade and development. These challenges were considered more complex and interrelated today than at any time in UNCTAD's history. Several delegations suggested that UNCTAD is more relevant today than ever before as a think tank of developing countries, and its role should be strengthened in the future. The institution can make an important contribution in the process towards an impartial and more predictable trading system, and to overcoming the crisis in the multilateral negotiations after Cancún. It should continue to remind the international community that the global economic system must ensure the delivery of welfare gains to all. UNCTAD XI was considered as an important opportunity to strengthen the role of the institution.

B. Review of developments and issues in the post-Doha work programme of particular concern to developing countries: outcome of the fifth WTO ministerial conference

President's summary*

Role and significance of the multilateral trading system and the Doha Work Programme

26. The Board considered agenda item 5 in plenary sessions on 8 and 14 October 2003. The keynote address was given by the Secretary-General of UNCTAD. The secretariat's background note (TD/B/50/8) was introduced by the Director of the Division on International Trade in Goods and Services, and Commodities. Forty-six statements were delivered on the agenda item. The debate is summarized below.

27. It was generally agreed that there is no better alternative than the multilateral trading system (MTS) in promoting the objective set out in the Millennium Declaration of an "open, equitable, rule-based, predictable and non-discriminatory multilateral trading system" in pursuit of development and poverty eradication. All countries are committed to achieving this goal. At the same time, trade and trade negotiations must not be treated as a panacea for the global economy and thereby shift attention from key problems outside the trade field that must be addressed urgently. Trade is not an end in itself but a means to balanced, equitable and sustained development. Development, ultimately, is the best contribution to peace, equity and stability.

28. Emphasis was placed on concerted international political will and effort to address the inherent limitations that developing countries face in the MTS. Indeed, all the major international conferences since the Millennium Summit and G8 meetings have promised to address the imbalances and inequities in globalization, of which trade is the most visible manifestation. Coherence in policy formulation and coordination between the UN system, including UNCTAD, the Bretton Woods system and the WTO are important for promoting economic growth and development in all nations, given their interdependence.

29. A fair and substantial share of the benefits from global economic prosperity and the MTS has so far failed to accrue to developing countries, notwithstanding that they have undertaken significant liberalization unilaterally, regionally, multilaterally and through structural adjustment programmes. Over the last several years, particularly since the Uruguay Round, developing countries have made a significant contribution to multilateral trade liberalization and rule-making at considerable cost to themselves and are not, therefore, free-riders in any sense of the term.

30. The Doha Ministerial Conference was a milestone in the evolution of the MTS, incorporating an explicit pledge to place development at the heart of the Doha Work Programme (DWP), better serve the needs and interests of developing countries, and provide fairness and a level playing field for them

* Included in the Board's report to the General Assembly by decision of the Board at its closing (952nd) plenary.

as weaker partners. The opportunity to evolve a development-oriented MTS must not be missed. All countries are stakeholders in the MTS. The developed countries need the MTS as much as the developing countries do. Similarly, the realization of the core agenda of the DWP with development-friendly results is in the shared interest of all countries, developing and developed, and of the MTS and the world economy. Development-friendly arrangements and policies can no longer be defined in abstraction, but need to be addressed through practical, operational and mandatory measures. The development agenda needs to be made a reality, as the issues at stake are vital to developing countries to ensure that the MTS contributes to an inclusive global economic system. Developing countries hold high expectations regarding the development promise of the DWP and have actively participated in negotiations, including by tabling numerous proposals on various issues. They have had not only a defensive agenda but also a positive agenda on trade reform and liberalization, particularly in areas such as agriculture, textiles and Mode 4 of GATS.

31. Multilateral trade norms and disciplines need to support and actively promote development, including by facilitating the implementation by developing countries of national policies that respond to their trade, developmental and financial needs. In this context, some countries stated that 'beyond the border issues' which were integrated into the MTS at the conclusion of the Uruguay Round have eroded policy space for economic decision-making and overloaded the MTS. Some countries noted that, with very few exceptions, today's developed countries practiced and benefited from policies that are now being curtailed for developing countries through the MTS. It was stated that there has to be an acknowledgement that developing countries cannot liberalize at the same speed as developed countries if they are to achieve the potential gains.

Fifth Ministerial Conference: An assessment

32. The Fifth WTO Ministerial Conference in Cancún, Mexico, in September 2003, was not able to reach a successful outcome. However, many emphasized that Cancun must be seen in perspective. It was meant to be a mid-term review of the DWP, a stocktaking with the possibility of providing political direction on key issues of the Doha agenda. Since the necessary political compromises were not forthcoming, when specific, time-bound and detailed commitments were called for, there was an impasse. Disappointment was generally expressed with the impasse at Cancún and concerns expressed that the Ministerial Conferences are becoming prone to such setbacks. On the other hand, it was also pointed out that such impasse scenarios have been played out before in the history of the MTS, where failure to reach consensus did not preclude subsequent revival of the negotiations. Trying to apportion blame between developed and developing countries serves little purpose and is misleading, since the priority of the hour is to listen and appreciate the concerns of all and to find multilaterally acceptable solutions.

33. Concern was expressed that the Cancún setback could undermine commitment to multilateralism and play into the hands of protectionist and partisan interests. It could also speed up the vigorous pursuit of unilateralism, bilateralism and regionalism. Other views expressed doubt that

multilateralism will be undermined and that regionalism will relegate or replace the primacy of the WTO, since all countries understand its value and utility and need it to serve their own interests. It was also avowed that the choice between multilateralism and regionalism is a false one because the two processes have already been ongoing for some time and are complementary since they mutually reinforce the goal of bringing about liberalization in international trade.

34. With regard to assessing the consequences of Cancún and learning lessons, emphasis was place on both the process and substance of WTO negotiations.

Process-related issues

35. Many countries stated that, leading up to and at Cancún, process-related infirmities became rather pronounced. Process-related difficulties included assessments about the timing of issues and their maturity for resolution, procedures relating to keeping and dissemination of records and the preparation and transmission of texts, when and how to reflect alternative views of members, how to select officers, and how to ensure the inclusiveness of the process at all times. Cumulatively, these issues, if not addressed, could affect the long-term effectiveness and vitality of the WTO. There was also a view that it would be better to resolve most matters at the technical level in Geneva instead of relying on last minute compromises and decision-making at the political level in Ministerial meetings, which, with the best of intentions, may not be able to deliver given the short time available and the unwieldiness of the exercise. The Cancún agenda also appeared to have been overloaded with expectations of a result involving a positive sum agreement on all accounts. The linkages, balances, sequencing and perceived costs and benefits were rather too complex to handle. A manageable agenda based on what could be realistically achieved and what the WTO membership felt comfortable with would have been more appropriate. In this light, the time had come to prioritize the negotiating process and separate the issues that make for genuine trade liberalization and deliver development from the rest.

36. It was stated that the WTO negotiating paradigm has changed, with developing countries demanding to be heard and to be taken into confidence before decisions that could have a far-reaching impact on them are taken. In addition, there is a recognition that the MTS is increasingly being perceived as an international public good. Consequently, it has to take into account the interests and concerns of all participants, regardless of their level of development, size or share of world trade.

37. The formation and dynamics of the issue-based alliances, for example the Group of twenty-plus and ACP/AU/LDCs, was a matter of significance, redressing the imbalances in the negotiating leverage of developing countries. They point to a greater assertiveness of developing countries and their groupings within the WTO, which have made their voices heard. Caution was, however, expressed about avoidance of a relapse into North-South rhetoric or confrontation, since North-South relations have become more complex and diverse.

38. Decision-making processes in WTO have become more complex and difficult, not only because of the enlargement of the membership and the scope of the agenda, but also because a large number of democracies participate. Like their developed country counterparts, developing country Governments have to factor in political, social and economic interests and considerations involving their people and constituencies, as well as critical development and survival issues. The more prominent role and interest of both Northern and Southern civil society and private sector organizations, as well as Parliamentarians, have to be seen in this context.

39. A view was expressed that there is need for reform of the decision-making process of the WTO to make it more efficient. It was stated that the WTO follows a rudimentary decision-making process, while it has a very effective enforcement system. This is a possible source of imbalance in the MTS when it relies more on the modern dispute settlement mechanism than on rules to address trade issues. Other views cautioned that an examination of reforms in the WTO would divert attention from real issues facing the MTS, particularly market access and development issues. Yet others encouraged further democratization of the decision-making process of the WTO.

Substantive issues

40. The seeds of the Cancún setback were sown through missed deadlines, lack of treatment of development issues, unfinished business and imbalances from the Uruguay Round, as well as the slow pace of agricultural reform in developed countries. The lack of a substantive outcome highlighted a lack of consensus on key areas of negotiations, in particular special and differential treatment, implementation issues, agriculture, and non-agriculture market access negotiations. Many expressed the view that the proposed package at Cancún was disappointing in terms of its development content, leaving many to believe that Doha may have been only a rhetorical rather than a substantive promise.

41. Note was taken of some positive developments, including the adoption of the Decision on paragraph 6 of the Doha Declaration on TRIPS and Public Health, the modalities on special treatment for LDCs in services negotiations, the adoption of guidelines on accession of LDCs, and the acceptance of the accession of the first LDCs to join the WTO since its creation – Cambodia and Nepal.

42. Concerning the post-Cancún phase, it was generally stated that there is need for more work on the key and outstanding issues with a sense of urgency and purpose. Movement towards convergence will require exertion of political will from all parties, renewed cooperation and consensus, constructive engagement and compromise, particularly on those issues where there are divergent views. Cancún should serve as a wake-up call for the international community to build mutual trust and bridge differences to restart negotiations in good faith and in a forward-looking manner. All countries agreed that efforts must be made to put the DWP back on track.

43. In this respect, it is important to concentrate on the Doha mandate and on core issues: a balanced outcome both within and across the spectrum of negotiating areas; the development agenda; inclusiveness, transparency and democracy of negotiating processes, procedures and decision-making so that the views and interest of all are captured in negotiated outcomes; the basics of trade liberalization and the border measures agenda and completion of the unfinished business of the previous rounds, especially in agriculture, textiles and Mode 4 in services; implementation issues; and special and differential treatment. There is need to address the legitimate concerns of developing countries on new and complicated issues on which no consensus exists for new WTO disciplines. There is also need to address coherence and consistency between trade, financial, monetary and technological policies in support of development; taking into account the implications for the multiple issues that operate in the interface of trade, development and globalization such as TRIPS and public health (through an amendment of the TRIPS Agreement to provide a more secure solution), poverty, environment, health, culture, gender, migration, food security and rural development, competition, technology, enterprise, employment and public interest. Several countries emphasized the need for further and more in-depth work on small economies; trade, debt and finance; and trade and transfer of technology.

44. It was stressed that implementation issues and special and differential treatment are particularly significant in enhancing the confidence of developing countries in actively participating in the MTS. These issues should be tackled seriously with priority, greater political will and flexibility.

45. Trade negotiations and the implementation of the results will involve considerable adjustment and social costs for developing countries. There is therefore a need for future negotiations to take this into account and to provide for it in a systematic manner. Synergy and proper sequencing – in the light of the capacities of developing countries, the level of obligations they are to take on, and the costs of implementation – and the adequacy of financial and technical resources available to them have to be ensured. Developing countries should be provided with concrete assistance to build supply capacity and safety nets, help cushion possible erosion of trade preferences and meet adjustment costs. Targeted and comprehensive technical assistance and capacity building are important components of the DWP and the MTS. They need to be stepped up and go beyond traditional technical cooperation directed at implementing WTO Agreements by providing for, *inter alia*, institution building. UNCTAD is already working actively in this area. An initiative has been launched by the IMF and World Bank to support adjustment by developing countries to address the impact of multilateral trade liberalization, in particular the temporary balance-of-payment needs caused by erosion of preferences and loss of tariff revenue.

46. The special needs of LDCs should be adequately addressed, particularly given their marginalization in world trade, with a reduction in their share of world trade from 3 per cent in the 1960s to 0.4 percent at present. Stress was placed on binding duty-free and quota-free access for products of LDCs, along with improvements in preferential schemes and rules, which should match

LDCs' industrial capacity, and the removal of non-tariff barriers and avoidance of safeguard and contingency measures on their products. The need for meaningful supply-side initiatives, including improvements in the quality of infrastructure, was highlighted. It was pointed out that the guidelines for accession of LDCs could be improved further, for example by devising a time-bound accession process (such as a three-year period or three working party meetings), a realistic and sufficient adjustment period based on objective criteria consistent with their capacities, and the provision of predictable technical assistance.

47. Several countries stressed that fundamental reform of agricultural trade could bring important gains for developing countries and developed countries. The elimination of all forms of export subsidies and a substantial reduction in trade-distorting domestic support for agricultural trade would promote development in developing countries and significantly contribute to poverty alleviation. The convergence of positions on the reform of agricultural trade is possible through renewed cooperation and constructive engagement by all parties,. In addition, market access must be coupled with effective special and differential treatment, special products, special safeguard mechanisms, specific measures for small economies, food security, rural development and adequate measures for net food-importing developing countries and LDCs.

48. Some stated that the issue of commodities needs to be addressed in the MTS, given that the concrete interests of a large number of poor and small countries are linked to commodities. Many countries attached importance to addressing the Cotton Initiative proposed by some African countries.

49. Services were identified as a growth area for developing countries. Increasing participation of developing countries in trade in services would require implementation of GATS Articles IV and XIX.2, particularly in terms of effective market access in sectors and modes of interest to developing countries. It was pointed out that liberalization of services should be at the time and pace convenient to the country concerned. Concern was expressed about the quality of offers on Mode 4, and the need for commercially meaningful offers was stressed, given the potential gains for all countries.

50. Developing countries expressed support for reduction commitments in non-agricultural market access (NAMA) consistent with their capacities and development objectives, and considered that they should be accorded less than full reciprocity, as provided in the Doha Ministerial Declaration. They found that the level of ambition on NAMA was too high compared to agriculture. They stressed that sectoral proposals should be on a voluntary basis and that tariff peaks and escalation need to be addressed. It was pointed out that the framework for NAMA should allow a balanced outcome in terms of the reduction or elimination of tariffs and non-tariff barriers.

51. With respect to the Singapore issues, most developing countries indicated that they are not yet convinced of the potential gains to them from WTO disciplines on these issues. In the interest of manageability and prioritization in the DWP, it might be better to concentrate on substantive and core trade issues for the present, and some suggested that it would be timely to drop these issues from the

WTO work programme. It was pointed out that some proponents have shown flexibility in terms of removing most of these issues from the WTO agenda and therefore any future consideration of this matter should take this into account. Meanwhile, other organizations, like UNCTAD, could be asked to continue work to build confidence, clarify their development implications and provide for substantive treatment of these issues.

52. It was stated that it is imperative to acknowledge the important contributions and concessions that the newly acceded Members to the WTO have made. The special concerns of these Members need to be addressed effectively in the DWP.

UNCTAD's role

53. It was generally considered that UNCTAD makes an important contribution to developing countries in terms of their effective participation in the DWP. As the focal point within the United Nations for the integrated treatment of trade and development, UNCTAD can act as a facilitator for the fuller and beneficial integration of developing countries in the MTS and the wider international trading system. It should continue to play such a supportive role through research and policy analysis, intergovernmental consensus building, and technical assistance and capacity generation activities targeted at developing countries. UNCTAD can also provide a forum for consensus building and maturing and ripening of negotiating areas for further treatment in WTO, and in this way contribute to putting the DWP back on track. Equally important is the support provided by UNCTAD to countries in the accession process.

54. The secretariat's background note (TD/B/50/8) was highly commended as providing a concise, insightful, balanced and forward-looking assessment of the state of play relating to the review of the DWP and concerns of developing countries, and it was found to be useful in facilitating the Board's deliberations on this and the outcome of Cancún. Appreciation was expressed by developing countries about the development benchmarks – openness and liberalization, harvesting gains, equal opportunity for unequal partners, striving for a better balance, the public interest, the importance of commodities, coherence, and technical assistance and capacity building. It was stated that the development benchmarks are a useful way to systematically assess progress in assuring development gains from the international trading system in general and from trade negotiations in particular. They can also be important tools and useful themes to raise public awareness on MTS issues from a development standpoint in a positive and constructive manner and to help build durable consensus thereon. This could be complemented with trackable base-line information on individual country situations, location, size, population, per capita GDP, education, health and other factors. It was suggested that, at its next session, the Board, under this item, could consider the development benchmarks while assessing progress towards the realization of the development agenda in the DWP. Other views expressed cautioned that such benchmarks may not be amenable to being achieved purely in the context of WTO, and that they therefore need to be carefully elaborated with other relevant

international organizations, such as IMF and World Bank, and in a way that does not prejudge the outcome of WTO negotiations.

55. It was also stated that UNCTAD should continue to monitor developments in the MTS, work on the development dimension, and assist countries in trade negotiations and in developing their human, institutional and regulatory capacity for mainstreaming development into trade policies. Important work is also carried out by UNCTAD on market access, services, commodities, trade and environment, trade and competition, trade preferences, subregional and regional trade negotiations, and wider South-South trade cooperation, including through the GSTP.

56. Developing countries expressed appreciation to the international community, particularly donor countries and UNDP, for the financial support they have provided to UNCTAD for its trade-related technical assistance activities. UNCTAD's assistance on multilateral trade negotiations and specifically in supporting preparations for Cancún by developing countries, as well as on regional integration, was highly appreciated. Furthermore, given the burgeoning needs for technical assistance and capacity building assistance in developing countries, and in view of UNCTAD's invaluable work and competence in trade and trade negotiations, the international community was called upon to provide greater resources to UNCTAD to enable it to play its trade and development role fully. It was stated that UNCTAD has an important role complementary to that of the WTO in providing technical assistance. UNCTAD has a particular responsibility in the implementation of the Integrated Framework and JITAP.

57. Reference was made by several countries to General Assembly resolutions 57/270 B and 57/250 inviting UNCTAD and the Trade and Development Board to contribute to the implementation and review of progress made in the implementation of the outcomes of major UN Conferences and summits and the High-level Policy Dialogue on the Implementation of the Monterrey Consensus on 30 October 2003. The resolutions have designated UNCTAD and the Board as important institutional stakeholders in UN-wide work on the implementation of the outcomes of Monterrey, Johannesburg and Doha. This mandate increases the direct relationship between the Board and the General Assembly and provides an important opportunity to raise the profile of international trade and trade negotiations in relation to development.

58. It was stated that UNCTAD has a comprehensive development vision. UNCTAD XI should provide the right impetus to enhance this vision and the work of UNCTAD, and contribute positively to reinvigorating the multilateral trading system and providing the right impetus for the beneficial integration of developing countries into the trading system. For example, it could assist in strengthening the linkages between trade negotiations and supply-side capacity and competitiveness of developing countries, which continue to constitute important bottlenecks for the majority of developing countries.

C. Report on UNCTAD's assistance to the Palestinian people*

59. For its consideration of this item, the Board had before it the following documentation:

Report on UNCTAD's assistance to the Palestinian people (TD/B/50/4).

60. The **Coordinator of Assistance to the Palestinian people** said that prolonged occupation and the past three years of conflict had produced a shattered society and a devastated population, with relief needs overwhelming the development agenda. The occupied Palestinian territory had been transformed into a "war-torn economy", and the next "post-conflict" policy/aid package would have to be qualitatively different from those that had accompanied previous recoveries from shocks and upheaval.

61. The asymmetric Israeli-Palestinian economic relationship, both under occupation and as enshrined in the Paris Protocol, had stunted the prospects for sustained development of the Palestinian economy. In the transition from a war-torn economy, the development and trade policy of the future state of Palestine would need to take structural factors into account. The private sector would have to be rebuilt and its supply capacity strengthened, otherwise neither reconstruction nor subsequent grc vth would be broad-based and poverty would remain widespread and intense.

62. The secretariat's achievements in 2003 included action-oriented research and analysis, 'quick-response' advisory services in several areas, implementation of the first phase of the ASYCUDA programme, and progress in the DMFAS project. In the design and implementation of its work programme, the secretariat had maintained close contacts with all relevant international organizations, as well as with research centres and civil society institutions. However, in several areas, UNCTAD did not have enough extrabudgetary resources to meet all its commitments and current technical cooperation needs. Commencement of the ASYCUDA Phase II project would require that Palestinian Authority Customs staff have access to their offices at the Palestinian border crossings with Egypt and Jordan. UNCTAD looked forward to the cooperation of Israeli authorities in giving UNCTAD project staff and experts access to project sites. In conclusion, he expressed gratitude for the extrabudgetary funding the secretariat has received.

63. The representative of **Palestine** said that a comparison between this year's report and last year's indicated further deterioration in the Palestinian economy, contrary to the aspirations of the Palestinian people and the wishes of the secretariat and donor countries. The report clearly and objectively showed the economic and social tragedy that the Palestinian people were undergoing. The occupation and the accompanying measures constituted economic war against Palestinian society, and this war not only imposed dependency on the Israeli economy, controlled the movement of goods and imposed a suffocating siege on the Palestinian territories, but also deprived the Palestinian people of its sources of daily income.

* Included in the Board's report to the General Assembly in accordance with General Assembly decision 47/445.

64. He thanked the UNCTAD secretariat for its continuous efforts and the donor countries for their support. After decades of suffering from occupation and years of resistance against economic and all other types of war waged by Israel, the Palestinian people had realized the need to confront the war with the modest means it had at its disposal. It had become apparent that solidarity among the different groups in society represented an effective survival mechanism in the face of the present brutal conditions. The present situation was a long way from the minimum level required for the survival of the Palestinian people in the long run. He stressed the need for UNCTAD to continue its assistance to the Palestinian people, for donor countries to continue their support, and for Arab and friendly countries and multilateral funding institutions to support the Palestinian people financially through UNCTAD activities.

65. The hope for a political solution was dimming because of the current Israeli Government, which could only offer military solutions, including oppression and killing of anything Palestinian, to achieve its expansionary objectives, regardless of the victims and the violation of international law.

66. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, expressed deep concern with regard to the impact of the protracted conflict on the Palestinian economy. Palestinian gross domestic product (GDP) had declined by more than 22 per cent in 2002, and unemployment had soared to unprecedented levels, putting almost two thirds of the population below the $2-a-day poverty line. The ability of the economy to cope with viable development strategies had been exhausted, as investment levels had plummeted and the average size of Palestinian firms had contracted. The Palestinian Authority's budget had become heavily dependent on donor aid, and profound changes had taken place in the structure of the economy; the manufacturing and construction sectors' contribution to GDP had declined, and agriculture had assumed increased importance as a sector of last resort for the jobless.

67. He endorsed the secretariat's view that development efforts and donor-funded programmes need to be qualitatively different from the past. They needed to be put in the context of the special problems of a war-torn economy, and should also address the distorting trade regime. Donor assistance had been mainly focused on addressing the economy's emergency needs and on budgetary support, but to avoid the risk of breeding increased dependence on foreign aid, there was a need for a cohesive policy framework that linked relief efforts to long-term development objectives.

68. UNCTAD's technical assistance to the Palestinian people continued to produce impressive results, despite an uncertain environment. He thanked donors for their generosity, called upon traditional donors to intensify their support, and endorsed the efforts of the secretariat to identify new funding sources, in particular regional multilateral institutions.

69. The representative of **Oman**, speaking on behalf of the **Asian Group and China**, expressed appreciation for UNCTAD's continuous support to the Palestinian people. She emphasized that the tragedy of the Palestinian people had intensified with the continuation of the occupation and the

escalation of the closure and siege policies of the Israeli occupying forces. The economic objective of the occupation was on the one hand to constrain the Palestinian people's capacity to produce and feed themselves, to deplete the economy and to deprive the people of their sources of income, and on the other to permit the Palestinian people to consume only Israeli products. This had de-formalized the Palestinian economy and created an unprecedented situation of forced economic dependency.

70. She lauded the Palestinian economy for its persistence against all odds. This spirit of survival was due to the innovative social safety nets that the people had created, the ability of the Palestinian Authority to survive and continue to employ one third of the employed labour force, and the uninterrupted support of the donor community. For this, she thanked the donor countries and urged them to continue to increase their support for the Palestinian people. She also asked the international community to take a strong stand against the siege and closure policies of the Israeli occupying forces.

71. She urged the implementation of the secretariat report's recommendations, which called for a framework to link relief efforts to long-term developmental objectives, while reducing the leakage of Palestinian resources to the Israeli economy. She also pointed out the necessity of reconsidering existing Israeli-Palestinian economic relations, which had led to the present inequitable balance. She invited members of the Board to continue their support to the Assistance to the Palestinian People Unit in UNCTAD and saluted the Palestinian people for their perseverance, which would ultimately lead to an independent state of Palestine enjoying international legitimacy.

72. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, said the secretariat's report showed that protracted occupation and conflict had effectively transformed the occupied Palestinian territories into a "war-torn economy", with adverse effects on economic growth, employment, poverty, trade and finance. This necessitated action by the international community to assume its responsibility in respect of the alleviation of these severe conditions facing the occupied Palestinian people and to use all means to that end, including the provision of adequate financial assistance. UNCTAD's call for a new policy framework to bridge relief and development efforts was a challenge to think outside the box in order to respond to the urgent needs of the Palestinian people.

73. The most immediate task was the reinforcement of the Palestinian economy to relieve it from its prolonged dependence on, and skewed integration with, the Israeli economy. The secretariat's report clearly showed the implications of the imposed leakage of economic resources to Israel. At a time of scarce resources and declining capital flows, there was an urgent need to ensure that all funding was directed to its legitimate recipients, namely Palestinians suffering from daily occupation and deprived of an equal opportunity to realize their inalienable developmental rights.

74. The representative of **Italy**, speaking on behalf of the **European Union and the acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia), as well as the associated countries (Bulgaria, Romania and Turkey)**, said that the secretariat's report showed very clearly that years of widespread devastation and continuous

economic decline had transformed the Palestinian territory into a war-torn economy. The increase in donor support for relief, development efforts and budgetary solvency was one of the main factors that allowed the Palestinian economy to function.

75. He commended UNCTAD for its efforts to contribute to Palestinian economic development. Despite the intensification of the conflict, UNCTAD had made progress in order to advance or complete projects with a view to building effective economic policy-making and management capacities and supporting the private sector. The close relationship that the secretariat maintained with all relevant international organizations and donor countries, in both the design and implementation of its work programme, was especially crucial.

76. However, without peace and stability in the Middle East, such assistance could only help minimally. The parties must engage in negotiations towards a durable peace allowing two States, Israel and an independent, viable and democratic Palestine, to live side by side within secure and recognized borders, on the basis of the principles established in Madrid and Oslo and in conformity with resolutions adopted by the United Nations Security Council. There was no alternative to swift and full implementation of the Road Map in good faith by the two sides.

77. The representative of the **Syrian Arab Republic** thanked UNCTAD for its continuous support for the Palestinian people. The secretariat's report provided an objective overview of the economic aspects of the suffering of the Palestinian people. The analysis raised the question as to the feasibility of bringing about economic development for a people shattered by occupation and deprived of their minimum development rights, as embodied in international laws and conventions. The international community should assume its responsibility to put an end to Israeli occupation and ensure the implementation of relevant Security Council resolutions.

78. He expressed support for the report's recommendations, which stressed the need to link relief efforts with long-term development objectives, particularly in agriculture. He urged the international community to maintain its support for the Palestinian people and for the Assistance for the Palestinian People Unit so as to enable it to fulfil its mandate. In conclusion, he called upon the international community to oblige Israel to cease settlement expansion, the economic siege and destruction of the development infrastructure in the occupied Arab territories and to withdraw from those territories. A just and comprehensive peace, based on international legitimacy, would spur development opportunities throughout the region.

79. The representative of **Egypt** thanked UNCTAD for its efforts and said that the secretariat's report came at a critical time, where there were daily attacks on the livelihood of the Palestinians to deprive them of their economic, social and inalienable human rights, as well as their legitimate political rights. This necessitated additional support for all the organizations assisting the Palestinian people and refugees. The ultimate goal was the independence of the Palestinian people, and this should be the benchmark for all economic assistance. The destruction of the Palestinian economic base and

infrastructure by the occupying authorities had created holes through which international aid leaked to the occupying authorities Hence there was a need to integrate economic and political efforts and to implement all relevant UN resolutions that called for the withdrawal of Israeli forces from all occupied territories and proclaimed the Palestinian people's right to their own politically independent and economically viable state.

80. The continuous destruction and economic deterioration had transformed Palestine into a war-torn economy with a distorted structure, negative growth, fiscal pressure, reduced per capita income and savings, and increased external economic dependency and poverty. The international community should assume its responsibility to alleviate this tragedy and to avoid an even greater human, social and economic crisis. He supported UNCTAD's projects to enhance food security, trade, investment promotion, preferential treatment and institutional capacity building. However, there was a need for innovative solutions, and UNCTAD would have to apply its technical and analytical knowledge and take advantage of new telecommunication technologies to allow the Palestinian people to overcome internal and external geographic barriers. In conclusion, he saluted the Palestinian people for their strong will and extraordinary persistence, which would inevitably lead to national independence with international legitimacy.

81. The representative of **Algeria** said that UNCTAD had always provided an accurate overview of economic and social developments in the occupied Palestinian territories in the light of the political crisis and the devastating impact of Israeli practices. The Road Map had generated hopes for a return to negotiations, but the secretariat's latest report confirmed the devastating impact of war on private and public Palestinian institutions that had been ravaged by the Israeli economic blockade.

82. Despite the deteriorating conditions and Israeli impediments, UNCTAD had maintained its assistance to the Palestinian people in accordance with the Palestinian Authority's needs and development priorities. It had also suggested new activities to assist the Palestinian people withstand the economic crisis, particularly in respect of food security, trade facilitation, special and differentiated treatment for Palestinian exports, regional integration and investment promotion. He expressed his appreciation for those efforts and support for the proposed new activities, and called upon the donor community and international organizations to sponsor these activities.

83. The representative of **Israel** asked whether the existence of a special agenda item dealing with the Palestinian economy and the special secretariat programme dealing with this issue was really in accordance with objective economic criteria or the result of ulterior political motives. According to all reasonable criteria, the situation of the Palestinian economy was far better than in many other areas of the world. Some of the statistics in the secretariat report were questionable; compared to the data in recent IMF and World Bank reports, the UNCTAD report featured questionable disparities in some major indicators. In addition the report downgraded the growth of the Palestinian economy prior to the recent riots. It missed the clear connection between economic growth and the cessation of violence, and it failed to mention that the bulk of the $700 million of Palestinian tax revenue withheld

until the end of 2002 had long ago been transferred to the Palestinian Authority. The report also failed to mention the recently discovered details of $900 million funneled to a private secret account under Mr. Arafat's personal authority, instead of reaching the Palestinian budget. If the situation was so dire, this sum should have been used to alleviate the Palestinian economic plight. In addition, the report did not disclose IMF estimates that the Palestinian economy had recently begun to stabilize and that the deterioration had been contained, nor did it take into account that structural factors, which had nothing to do with Israel, exercised a strong negative impact on the Palestinian economy. The report focused on the potential damage to the Palestinian economy from its interconnection with the Israeli economy, while other sources, including the IMF and the World Bank, highlighted the potential benefits of cooperation.

84. The report avoided the key questions of why the current situation had been reached and how the deterioration of the past three years could have been avoided. It did not ask why the Palestinian Authority had decided not to continue the political process and instead had resorted to continuous violence against Israelis with an unclear political goal. He asked whether the initiators of this violence had considered the difficulties of sustaining positive economic development in an environment they had consciously created, with a wave of violence that had hurt not just the Palestinian economy but also other economies in the region, especially Israel.

85. Israel had tried repeatedly to put the economic system back on track by facilitating trade and employment of Palestinian workers in Israel. But repeatedly the responses were violent attacks on Israeli civilians and soldiers, terrorist atrocities, especially suicide bombings in Israeli cities, restaurants, buses and universities, which had hindered the continuation of those positive initiatives. However, Israel had been willing throughout the past three years to act together with the Palestinians for the improvement of their economy, including by means of the recent entry into Israel of 25,000 Palestinian workers, renewed activities in border industrial zones, efforts to promote industrial parks, and granting permission to thousands of Palestinian businessmen to enter Israel. Unfortunately, continuous efforts to open Israel to Palestinian day labourers had produced only acts of terror, such as the recent suicide bombing atrocity in Haifa and warnings of impending attacks that had forced Israel to re-institute restrictions on the entry of Palestinians into Israel.

86. Once the violence had ended and a political process had resumed, all parties should be ready for the "day after", with economic improvement in the Palestinian, Israeli and Arab economies. If UNCTAD really wanted to play a positive and significant role in these areas, objective professional analysis should be the focus of its work, rather than finger pointing at one party. The time spent on this discussion had been useless; putting an end to violence and incitement, cracking down on terrorism and reinvigorating the peace process was what would bring about economic growth. That was the message that the Board should send to those political powers that had asked UNCTAD and other international fora to place such emphasis on the Palestinian situation. All the rest was rhetoric.

87. The representative of the **Islamic Republic of Iran** said that the atrocities of the occupying regime against the Palestinian people during the last three years had neutralized all bilateral and multilateral aid to Palestine and caused unbearable conditions for the population and serious challenges for the governing Authority. UNCTAD's technical assistance activities might be effective in a peaceful situation, but in a violent environment with daily aggressions and assassinations by the Israeli army a new approach would be needed to meet Palestinian needs in respect of health, shelter and food security. In this context, he expressed his appreciation for UNCTAD's efforts to prepare, in cooperation with other international organizations, an emergency plan for the Palestinian people within the framework of the Millennium Development Goals, as well as for the "Palestine Rehabilitation and Development Forum" initiative, and he emphasized his country's willingness to contribute to such efforts. He also encouraged UNCTAD to facilitate more active participation of Palestinian experts in its expert meetings, regional workshops and seminars, as well as in its capacity building activities.

88. The representative of **Afghanistan** said that the secretariat's report depicted an alarming situation in the occupied Palestinian territories. However, it failed to highlight the factors that had led to the present situation, in particular the drastic measures imposed under the guise of security that had impacted the daily lives of the Palestinian people. These included land confiscation, destruction of houses, uprooting of trees, expansion of settlements, targeted assassinations and the infamous wall. He expressed support for the recommendations outlined in the report, which emphasized that the State of Palestine, as envisioned in Security Council resolution 1397 (2002), should not repeat mistakes made elsewhere in dealing with the economic legacy of war. The need for the revival of the private sector could not be over-emphasized. He agreed that, even under conditions of uncertainty, the Palestinian Authority needed to develop integrated trade and labour policies based on an economic vision with quantifiable, time-bound achievable and sector-specific objectives. He commended the secretariat for its vision and systematic work on the Palestinian economy and for its continued technical assistance under almost impossible conditions, and he called for further resources to be directed through UNCTAD from traditional developed country donors and Arab donors and multilateral institutions. However, the important work of UNCTAD and other agencies could not be a substitute for serious and sustained efforts by the international community to insist that the Road Map to a peaceful settlement be implemented without further delay.

89. The representative of **Lebanon** noted that the past three years had witnessed continued deterioration in the occupied Palestinian territory's economic conditions. The economy's structural weaknesses had been aggravated, its trade and fiscal deficits had increased, and poverty had soared, turning the Palestinian territory into a war-torn economy. The systematic Israeli destruction of Palestinian infrastructures, the closure policy, the movement restrictions and other practices that deprived the Palestinians of their social and economic rights had aggravated economic conditions considerably. She expressed gratitude to UNCTAD for its continued assistance for the Palestinian people and emphasized the necessity of maintaining that assistance. She also urged the international

community and donor countries to intensify their support to enable the Palestinian people to achieve economic, social and political independence.

90. The representative of **Jordan** said he had hoped that this year's report would be more positive than last year's, but instead it indicated a debilitated Palestinian economy heading towards more hardship, and that reflected negatively on social conditions. It had been hoped that the Road Map could constitute a solid basis for progress towards peace, but it seemed that there was still a need for serious commitment to ensure its implementation. Progress in that domain would lead to an economic road map, which would set out the steps required to rescue the Palestinian economy. He appreciated the leading role of UNCTAD's Assistance to the Palestinian People Unit in supporting the Palestinian Authority agencies concerned with macroeconomic management, and he hoped that UNCTAD would continue assuming that role. He also hoped that donors would increase their support for UNCTAD for it to be able to implement the proposed new activities. He particularly hoped that new regional and international funding sources would also provide support for these activities. Finally, the adverse economic developments experienced by the Palestinian economy were not limited to the Palestinian territories, but had spread to all other countries in the region, including Israel.

91. The representative of the **United States of America** said that people might differ on how they assigned blame for the situation in Palestine, but no one could dispute the devastation that had overtaken the Palestinian people in recent years, as the evidence was very clear. His Government's approach to the problem had three parts. First, peace was paramount, and any political or economic progress required an effective Palestinian security performance; without a Palestinian authority that could effectively direct its people towards peace, it would be very difficult to make progress. Second, progress would require a serious political process that aimed at a two-state solution and brought hope to Palestinians and Israelis alike. Third, the abiding economic crisis would require a continuing humanitarian effort, as well as building responsible Palestinian institutions. His country had taken the lead in both development and humanitarian efforts, with contributions of over $1 billion to the Palestinian Authority and people since 1993. In 2002, United States assistance to the Palestinian people had totalled over $180 million. This made the United States the largest bilateral donor in the West Bank and Gaza. However, money alone could not do the job, and there was a need for partners to work constructively to address Palestinian needs and put both parties back on the path to peace.

92. The representative of **Tunisia** thanked the Assistance to the Palestinian People Unit for the important efforts deployed in helping the Palestinian people withstand the Israeli closure and other practices that had suffocated the Palestinian economy. The secretariat's report showed the magnitude of the Palestinian people's suffering and the economic deterioration that had transformed the Palestinian territory into a war-torn economy. This situation required the donor community to increase its assistance to the Palestinian people, not only by addressing their emergency needs, but also by promoting sustained economic development. He commended UNCTAD's concerted efforts in assisting the Palestinian Authority and expressed his support for UNCTAD's proposed new activities,

especially in the area of food security, trade facilitation, and transport and supply. He called upon donor countries to provide the resources required to implement these activities.

93. The representative of **Indonesia** agreed that continuous economic decline and widespread devastation had transformed the occupied Palestinian territory into a "war-torn economy". It was the international community's duty to ensure the alleviation of the current economic conditions and to ensure that the Palestinian Authority continued to function and prepare for the inevitable establishment of the Palestinian State. Efforts undertaken by the international community would not have the desired maximum effects if the Palestinian people were not given the chance to rebuild their economy in a peaceful environment. The Palestinian people and the Palestinian Authority should therefore play an important role in addressing development priorities in the post-conflict reconstruction stage. Moreover, the role of the private sector, notably small and medium-size enterprises, would be of vital importance. She welcomed UNCTAD's proposed new activities, particularly those targeting food security, trade facilitation, and investment promotion. She also underlined the need to build an international strategic partnership so as to ensure the provision of adequate assistance to the Palestinian people.

94. The representative of the **League of Arab States** said that the secretariat's report provided a clear picture of international aid to Palestine and of how the Israeli occupation completely controlled the lives of the Palestinian people. This situation had further impoverished the people and deprived them of their ability to produce, thus forcing them to be completely dependent on Israel's products and its economy: 70 per cent of the Palestinian trade deficit derived from payments for imports originating in Israel. which meant that the Israeli economy had accessed up to $1.4 billion of the $2 billion relief funds sent to Palestine in 2001 and 2002. In other words, about 50 per cent of domestic production leaked to the Israeli economy every year. The intention of Israeli policies was to distort and de-formalize the structure of the Palestinian economy, and this had led to a severe reduction in the capacity of small and medium-size enterprises to produce and employ. He urged the international community to take a stronger stand in the face of the occupation and the closure and collective siege policies imposed by the Israeli occupying forces. He also called for increasing support for the Palestinian people and reassessment of the Israeli-Palestinian economic relationship that had led to such a tragic situation.

95. He supported the secretariat report's recommendations, which called for a framework to link relief and development. It was unfortunate that a large portion of the substantial sums allocated by the Arab summit in Beirut in 2001 to assist the Palestinian people had been diverted to the Israeli economy, and support must therefore be provided to the Palestinian small and medium-size private sector. In conclusion, he praised the persistence of the Palestinian people, which would ultimately lead to the creation of their independent state, and he hoped that UNCTAD members would increase their support to enable the Assistance to the Palestinian People Unit to continue its important activities.

D. Report of the Meeting of Eminent Persons on Commodities Issues*

96. For its consideration of this item, the Board had before it the following documentation:

> Report of the Meeting of Eminent Persons on Commodity Issues, held at the Palais des Nations, Geneva, 22–23 September 2003 (TD/B/50/11)

97. The **Secretary-General of UNCTAD** recalled the importance of commodities for the development process in many developing countries, in particular LDCs. The special problems faced by the commodity sector included declining terms of trade, sharply fluctuating prices and revenues, stagnant demand, the inability to diversify production and export structures, and supply-related weaknesses, including the inability of exporters in many developing countries to enter the more dynamic and lucrative segments of commodity markets. Of course, commodities were not just a problem: they could also be an opportunity if countries made good use of them. Although problems had persevered over the years, discussions at international fora had shown at best a cyclical pattern, and over the last two decades the approach had been one of benign neglect. The social and economic hardships caused by the devastating price situation, in particular for coffee and cotton, had recently attracted considerable attention. The way forward called for a process of constructive thinking, supported by strong political commitment, on commodity initiatives that focused on the principal problems, were in line with the realities of the day and, whenever possible, were innovative.

98. The group of 15 eminent persons on commodity issues had featured different and in fact opposing philosophical and political approaches to commodity problems and possible solutions. In spite of its heterogeneity, the group had agreed on recommendations that were remarkably substantive, well focused, prioritized and operational. These recommendations took account of developments in related fora such as the WTO and used the lessons learned from the positive experience of several developing countries that had been successful in the area of commodities. The subject areas of highest priority were: enhanced, equitable and predictable market access for commodities of key importance to developing countries; addressing the problems of oversupply; making compensatory financing schemes user-friendly and operational; strengthening capacity and institutions; and pursuing the possibilities for the creation of a new International Diversification Fund. The priority accorded to compensatory financing schemes and the diversification fund was especially significant and reflected new thinking. The recommendation on compensatory financing was an important step in bringing compensatory financing schemes in line with modern trading practices, and in the case of the diversification fund, the innovative step was to suggest that such a fund focus on developing private sector capacity and to link it to specific activities such as strengthening institution-building and capacity building.

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* Included in the Board's report to the General Assembly further to General Assembly resolution 57/236.

99. With regard to the other recommendations, the emphasis on corporate social responsibility and broad-based partnerships in the search for solutions to commodity problems was significant in that it had the support of a high-level representative of the private sector, namely the CEO of Nestlé. Regarding fiscal management, the importance attached to the inextricable link between institution building in fiscal management and a strong governance framework merited particular mention.

100. Recommendations addressed to UNCTAD provided very useful guidance for its work on commodities, and UNCTAD would do its best in particular to satisfy the request to explore the possibilities for a new partnership between Governments, private business, producers' and traders' associations, civil society and international organizations in the commodity area, and to announce such a partnership at UNCTAD XI. Finally, the Eminent Persons' Report would now be taken up at a panel organized by the presidency of the General Assembly on 27 October in New York and then considered in the General Assembly's Second Committee.

101. The representative of **Thailand**, speaking on behalf of the **Group 77 and China**, noted that several major recommendations of the Report were given highest priority: firstly, enhanced, equitable and predictable market access for commodities of key importance to developing countries; secondly, the need to address the problems of oversupply of many commodities through a sustained programme of diversification and moving up the value chain, carried out at both national and global levels; thirdly, more user-friendly and operational compensatory finance schemes, with the possibility of pursuing the idea of creating a new Diversification Fund; and lastly, support for capacity building to benefit from diversification opportunities.

102. The decline in terms of trade for commodities remained one of the most important trade problems for many developing countries. The vulnerability and volatility of commodities were major impediments to economic development and contributed to perceived risks and difficulties in attracting foreign direct investment. The Eminent Persons' Report showed that there was a wide range of actions that could improve the conditions of commodity markets and help alleviate poverty. Given the consensus on this matter, there was no excuse for the current inaction in addressing these problems. The Report indicated a way forward and could be implemented provided there was the political will. Her Group wished to pursue this matter with its development partners, starting with the General Assembly's debate on the Report. Dealing with the problems of the commodity sector was a crucial element in reaching the Millennium Development Goals related to poverty reduction. She hoped that this initiative on the part of the General Assembly would provide a new impetus to the search for solutions to commodity problems of developing countries through international cooperation.

103. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, said that commodities remained the economic backbone of many developing and least developed countries. The problems highlighted in the Eminent Persons' Report included secular price declines and volatility, terms-of-trade losses, and institutional bottlenecks at both the international and the domestic level. These hampered national efforts to capture significant market shares for traditional

export commodities, as well as for high-value agricultural products, and he hoped that the recommendations made in the report would be fully implemented.

104. In terms of market access and declining farm prices, the failure to penetrate dynamic markets was especially marked for African countries, and the historically low commodity prices aggravated the situation. Increasing yields was not a remedy. Instead, export subsidies and other market-distorting forms of domestic support in developed countries should be eliminated. Increased subsidies for cotton producers in developed countries had had a devastating effect on cotton-dependent countries, particularly in the UEMOA area.

105. The Board should support the Eminent Persons' conclusions and the General Assembly should take steps to ensure their implementation. Full and effective implementation would require the coordinated mobilization of all stakeholders and resources at the national, regional and global levels. UNCTAD should continue its substantive and technical work in the area of commodities, and donor countries should enhance their contribution to UNCTAD for the implementation of the recommendations. In addition, the Secretary-General of UNCTAD should seek ways and means to increase the regular budget of UNCTAD. Finally, he recalled the importance of the commodity sector for the socio-economic development of Africa, and hoped that the debate in New York would result in strong political support from the international community.

106. The representative of **Benin** said that the report of the Eminent Persons on Commodity Issues proposed specific measures for the short, medium and long term, the implementation of which would allow a reversal of recurrent negative effects in the commodity sector such as those noted in recent years. LDCs were facing multiple difficulties that prevented them from taking advantage of the commodity sector, which constituted the backbone of their economies and the principal activity; commodities accounted for about 60 per cent of export earnings and employed approximately 80 per cent of the workforce. The constraints faced by developing countries included market access problems due to high tariffs, tariff peaks, tariff escalation, sanitary and phytosanitary measures, technical barriers to trade, and rules of origin, as well as subsidies and domestic support accorded by developed countries to their producers and exporters. These market-distorting measures placed developing countries, particularly LDCs, at a disadvantage in the value chain. Cotton producers had been severely affected by the dramatic consequences of subsidies in developed countries, and the price declines and increased price volatility for other products of interest to LDCs, such as coffee, were also matters of major concern. In addition, the need to use declining export earnings to service debt seriously complicated the economic situation of countries already suffering from budget deficits. All these external factors, as well as human and institutional weaknesses, seriously limited the capacity of LDCs to enhance productivity and diversify their production. The recommendations contained in the Report of Eminent Persons should be ratified by the General Assembly, especially on the following points: enhanced, equitable and predictable market access for commodities of key importance to developing countries; addressing the problems of oversupply for a number of commodities; making

compensatory financing schemes user-friendly and operational; strengthening capacity and institutions; and pursuing possibilities for the creation of a new International Diversification Fund.

107. The representative of **Italy**, speaking on behalf of the **European Union, the acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) and the associated countries (Bulgaria, Romania and Turkey)**, said that the Eminent Persons' recommendations were useful but they focused disproportionately on what should be done at the international level. Significant efforts were also needed at the national level, in particular in the most commodity-dependent countries. The EU had been actively analysing commodity sectors from the point of view of the whole chain of production, trade, processing and retailing, and the way ahead for commodity-dependent countries lay primarily in strengthening capacity and institutions. Efforts were needed to increase competitiveness, profit margins, added value and the share of consumer prices that went to producers. Diversifying away from commodities was the long-term sustainable solution. Capacity building should be based on individual in-country analysis, and the bulk of efforts must take place at the national level, though with appropriate coordination internationally. Special attention should be paid to improvements in public financial management systems and resource mobilization, with a focus on institution building within a strong governance framework. This focus could lead to a greater contribution of the sector to poverty reduction.

108. The EU supported the Report's call for a speedy resumption of the WTO trade negotiations, which offered the best opportunity to tackle commodity problems. The EU encouraged other developed countries to follow the EU's example and arrive at zero tariffs on most or all trade with LDCs and ACP countries. On cotton, the EU had indicated its willingness to eliminate the most trade-distorting support to ensure that the impact of the Community's cotton regime on West and Central African farmers would remain minimal. There was a need for an equitable response from the international community, and significant change would require action from other bigger players on the market. Compensatory schemes, for cotton or for other commodities, would not be a desirable way to address the complex linkages between agricultural policy and international trade. These issues would be better addressed through integrated WTO negotiations.

109. The introduction of an export fee would translate into lower prices for farmers, the weakest party in the supply chain. He expressed general support for the programmes of the International Coffee Organization and the Eminent Persons' recommendations on encouraging the coffee industry to take greater responsibility for its primary suppliers. The chances of success of producer-consumer management schemes were very limited, since they would depend primarily on the willingness of producers to participate in them, which was not likely at present. In a situation of limited resources, donors should rather focus on specific structural problems of the most dependent countries and their producers.

110. The EU supported the idea of continuing analysis of the implications of subsidies on supply and reducing subsidies that led to oversupply. The challenge here was to remove the most trade-distorting

subsidies. Though compensatory finance might help to cope with the effects of international price volatility, it could not reduce volatility per se, and might contribute to the distortion of markets and incentives to diversify. Different tools were needed for different objectives. Price risk management for producers at the local level should be developed further, and the EU was also looking into more market-based insurance schemes. Commodity-producing countries must develop their internal safety net systems as a complement to any macro-level support.

111. The EU did not think that the creation of a specific diversification fund would add value. Responding to every specific problem with a specific fund or institution would lead to fragmentation of development assistance and undermine countries' ownership of their development strategies. Here again, these issues should be addressed within countries' development strategies and plans.

112. Recommendations of the Report for action by UNCTAD could be discussed further at UNCTAD XI, and appropriate coordination should be ensured with other relevant bodies, including the Common Fund for Commodities, international commodity organizations, international financial institutions and FAO.

113. The representative of **Colombia** expressed support for the Eminent Persons' Report. However, she did not share the short-term recommendation on coffee in paragraph 9 of the report, which referred to the imposition of an export fee. If the proposal was to charge the fee to intermediaries or final traders who had large profit margins, that might be feasible, but she could not see how the fee could be handed on to final consumers, who were already paying very high prices, since that would affect consumption, nor could producers be made to pay, since that would aggravate their already poor situation. Other ways to increase the added value of the product should be envisaged. Overall, the share of processed coffee in the total exports of coffee producers had not exceeded 6.5 per cent in any single year since 1980, and the share of roasted coffee had never exceeded 0.2 per cent of total exports of coffee producers. There was therefore a need for measures to increase market access for more processed coffee. Prices for Colombian coffee in 2003 were lower than in 1990, and they had declined continuously since their peak in 1997. This dramatic reduction in coffee prices had led to increased poverty in rural areas, the conversion to illegal crops of land previously used for coffee, and the increasing marginalization of coffee producers.

114. The representative of the **United States of America** said she assumed there was agreement that excessive tariffs on agricultural goods, as well as production and export subsidies for agricultural products, had damaged world trade. That was why, in the months before the Cancún meeting, the United States had focused on developing a far-reaching framework for the reduction of agricultural tariffs and subsidies, and at Cancún it had presented a comprehensive proposal that addressed the impact of subsidies on cotton producers. She hoped for a rapid resumption of the Doha Round, which would also allow the United States to revive efforts in these areas.

115. Discussing debt relief in the context of the Report was out of place, as debt relief was an issue for indebted countries and their creditors and not an issue on which commodity experts could contribute much. Compensatory finance had not worked previously, and it was not an experiment that needed to be repeated; it might provide producers with some short-term relief, but in the end they would almost invariably founder, and the funds would be lost without stabilizing markets. The same was generally true for producer-producer and producer-consumer supply management schemes, and producers would in any case have difficulty in making the case for such arrangements, particularly in WTO.

116. The Report rightly referred to the "large potential benefits from the liberalization of trade among developing countries". As some of the largest commodity consumers in the world were now developing nations, opening up their markets would be of immense benefit to commodity producers. Building supply and institutional capacities in developing countries also merited emphasis. Steps should be taken to address weak institutions and weak legal and regulatory frameworks, which were the bane of producers and traders. There might also be some benefit from developing market-based risk management tools for some commodities. However, these were not a panacea and required proper conditions to work well. There were indeed steps that the international community could take in regard to commodity markets, but some were useful and some were not, and the challenge was to winnow the good from the bad.

117. The representative of **Ethiopia** said that the developing countries, in particular those in Africa, the majority of which were dependent on commodity exports, had suffered greatly from the decline in commodity terms of trade. This decline had had devastating consequences at both macro and micro levels. It was particularly troubling that the brunt of the shock had been borne largely by one side, i.e. producing countries. The case of coffee was most revealing in this respect. Currently, producers were getting only 1 per cent of what the final consumer was paying. Poor farmers were unable even to cover their production costs, while the giant coffee-producing companies were collecting hefty profits. The decline in coffee prices had also exacerbated poverty, caused food insecurity, and had had a devastating impact on health care in many African coffee-exporting countries. Social and physical infrastructure was seriously affected. In addition, the crisis had further aggravated the debt burden; the collapse of coffee prices had prevented countries from benefiting from the HIPC programme, as they were not able to meet the required thresholds, which were based on optimistic assumptions regarding export growth. The decline in export revenues exceeded the benefits that the poorest countries could get from debt relief programmes, and the loss in revenues from coffee exports had not been offset by increases in exports in other sectors. By way of example, Ethiopia's total export earning had declined severely during the last three years.

118. It was therefore absolutely essential that any serious commitment to poverty reduction should address the devastating consequences of the collapse in commodity prices, and Ethiopia fully supported the appeal by the eminent persons to address the issues of coffee and cotton as top priorities. Ethiopia also fully supported all other short-term, medium-term and long-term measures

outlined in the report with the ultimate goal of stabilizing commodity prices. However, as coffee traders in Ethiopia were in a very bad economic situation, he could not agree with the idea that coffee exporters be taxed, as seemed to be proposed by the Eminent Persons.

119. The representative of **Japan** said that he was unable to make substantive comments on the Report, as it had been impossible to finalize internal consultations in the time available. He hoped that there would be opportunities to discuss the report at length in the future.

120. The representative of **Nigeria** welcomed the Eminent Persons' recommendations as focused and implementable, and said that revitalization of the commodity sector was of paramount importance for poverty reduction in commodity-dependent developing countries and for the achievement of the Millennium Development Goals. Progress on increased market access and reduction of subsidies in general, as well as early action in the cotton sector and for other relevant commodities, were also crucial.

121. Trade-related capacity building was essential to develop human capital in commodity-dependent developing countries in order for them to design effective supply responses and initiate innovative price and risk management schemes. Compensatory financing mechanisms would be useful, even within the ambit of existing schemes, and measures to deal with oversupply and boost alternative uses were also necessary. Lack of information and capacity in terms of using existing opportunities must be addressed, and the information dissemination capacity of UNCTAD and other relevant organizations should be strengthened. Regarding an International Diversification Fund, consideration should be given to linking such a fund to the Common Fund for Commodities to avoid duplication. He welcomed the proposal for a new partnership in commodities and emphasized the need for all concerned to work together to design a suitable compensatory financing arrangement.

122. The representative of **Mexico** said that the Eminent Persons' report was very useful, though he expressed concern about the proposal to consider imposing an export fee to help alleviate poverty arising from low coffee prices. In that connection, further to the International Coffee Agreement, 2001, and the recommendations of the International Conference on Coffee, a plan of action had been approved for the period 2001-2006 with the aim of improving the quality of coffee, diversifying, and eliminating barriers to coffee trade. This programme, promoted jointly by Mexico and other Latin American countries, particularly Colombia, Guatemala, Honduras, Nicaragua and El Salvador, had been in place since 1 October 2002. It was through the implementation of that plan that the poverty of the 25 million producers of coffee could be alleviated and not through the creation of new fees, which would be irrational.

123. The representative of **Angola** said that the Eminent Persons' Report was of great interest, and he congratulated UNCTAD for its work on commodities, especially products of great importance to Angola such as hydrocarbons. Angola had hosted the 7th Conference on Trade and Financing for Oil and Gas in Africa in May 2003. With peace being established in Angola, the principal motivation for

the country now was to exploit its oil resources so as to alleviate poverty. The priority was to find ways and means to retain the value added of the oil industry in the country so that the sector could become the main engine of growth. Angola would call upon the expertise of UNCTAD in this area and encouraged development partners to provide increased resources so that UNCTAD's efforts could be expanded.

124. The representative of **Cuba** recommended that the Eminent Persons' Report be endorsed by the Board and submitted to the General Assembly for further analysis and ratification. There was an urgent need to eliminate protectionist polices and in particular to further reduce tariffs, tariff peaks and subsides, as well as other non-tariff barriers and cumbersome rules of origin and phytosanitary and other regulations. There was also an urgent need for debt relief, as debt servicing in many developing countries was financed by revenue from commodity exports, and prices were now at their lowest levels ever. Compensatory finance must be made more operational, it must be easy to access, and it must be based on ex-ante rather than ex-post mechanisms. South-South cooperation was also important, including the reinforcement of preferential arrangements among developing countries.

125. UNCTAD had a crucial role to play in respect of commodities of importance to developing counties, in particular sugar, coffee and cotton, and the sector should feature in the outcome of UNCTAD XI. In that connection, more funds were needed to finance UNCTAD's work on commodities. The General Assembly should have the Eminent Persons' Report distributed to other international organizations.

126. The representative of **Uganda** said that the Eminent Persons' Report on Commodities represented a consensus on commodities. Success in the negotiations at WTO, especially substantial reductions in subsidies for producers in developed economies, was of primordial importance. The cotton problem was a crucial one, and the difficulties inflicted upon producers in Africa must be seen as both an economic and a moral issue. Compensation must be provided. Uganda supported the idea of creating an International Diversification Fund, but such a fund should be seen in the context of existing financial institutions such as the Common Fund for Commodities. He stressed the importance of getting a constructive outcome from the negotiations in the General Assembly.

127. The representative of **Canada** expressed the hope that the Eminent Persons Report would be taken up seriously by the General Assembly. It was commendable that the report put emphasis on a speedy resumption of WTO negotiations. In general, regarding the recommendations, more discipline in the implementation of what was already in place was more important than new mechanisms. Export restrictions, taxes and fees should be avoided. Well functioning markets and market-based instruments were important and useful. Compensatory finance did not resolve problems, and ex ante finance could mask market signals. Capacity building was required, and needs in this respect should be identified in the context of Poverty Reduction Strategy Papers. Sharing experiences among developing countries, as well as South-South trade, could help in development efforts, and these should be facilitated. Rather than diversifying into other commodities, improving technological

capacities and production methods and "diversifying up" could be important aspects of the way forward.

128. The representative of **South Africa** noted that Board discussions in 2003 had been dominated by commodity issues. The deliberations on the Eminent Persons' Report, which provided a clear set of actions, especially regarding the coffee sector, represented the culmination of those discussions. He expressed concern over the dismissive attitude of some delegations regarding some of the Report's proposals, and in particular regarding debt relief measures and compensatory financing, both of which served to mitigate the impact of a fall in commodity prices. It was time to take concrete actions for the sake of poor segments of society. Finally, the generalized system of preferences (GSP) suffered from important problems that needed to be solved.

129. The representative of **Barbados** welcomed the Report and expressed the hope that appropriate financing would be made available to develop work on commodities in international organizations, in particular UNCTAD and WTO, and to implement the actions proposed in the Report. These actions were of crucial importance to many commodity-dependent countries, including those in the Caribbean.

130. The **Deputy Secretary-General of UNCTAD** recalled that the Meeting of Eminent Persons had taken place in response to a General Assembly resolution and that, as required in that resolution, the report in its entirety and as drafted by the Eminent Persons would be transmitted to the General Assembly for consideration at its current session. A summary of the discussions at the Board would also be presented to the General Assembly. Regarding the proposal for an export fee, clarification had been sought from the eminent persons, who had indicated that the intention of the recommendation was to impose a fee on certificates of origin, to be paid by importers.

Chapter III

Procedural, institutional, organizational, administrative and related matters

A. Opening of the session

131. The fiftieth session of the Trade and Development Board was opened on 6 October 2003 by Mr. Dimiter Tzantchev (Bulgaria), the outgoing President of the Board.

B. Election of officers

(Agenda item 1 (a))

132. At its 944th (opening) plenary meeting, on 6 October 2003, the Board elected by acclamation Mr. Sha Zukang (China) as President of the Board for its fiftieth session.

133. Also at its opening plenary meeting, the Board completed the election of officers to serve on the Bureau of the Board at its fiftieth session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

President:	Mr. Sha Zukang	(China)
Vice-Presidents:	Mr. Michel Adam	(Belgium)
	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Chitsaka Chipaziwa	(Zimbabwe)
	Mr. Djismun Kasri	(Indonesia)
	Ms. Melissa Kehoe	(United States of America)
	Mr. Mohamed Oulde Mohamed Lemine	(Mauritania)
	Mr. Lester Mejía Solís	(Nicaragua)
	Mr. Iván Mora Godoy	(Cuba)
	Mr. Mitsunori Nanba	(Japan)
	Mr. Dimiter Tzantchev	(Bulgaria)
Rapporteur:	Mr. François Leger	(France)

134. In accordance with past practice, the Board agreed that the regional coordinators and China, as well as the Chairpersons of the Sessional Committees, would be fully associated with the work of the Bureau.

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (b))

135. At its opening meeting, the Board adopted the provisional agenda for the session contained in TD/B/50/1. (For the agenda as adopted, see annex I below.)

136. At the same meeting, the Board established two sessional committees to consider and report on items on its agenda as follows:

Sessional Committee I

Item 3: Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010: (a) UNCTAD-wide activities in favour of LDCs; (b) The expected impact of recent initiatives in favour of least developed countries in the area of preferential market access.

Sessional Committee II

Item 4: Economic development in Africa: Issues in Africa's trade

137. The following officers were elected to serve on the Bureau of Sessional Committee I:

Chairperson: Mr. Marc Giacomini (France)

Vice-Chairperson-cum-Rapporteur: Mr. Patrick Krappie (South Africa)

138. The following officers were elected to serve on the Bureau of Sessional Committee II:

Chairperson: Mr. Mohamed Oulde Mohamed Lemine (Mauritania)

Vice-Chairperson-cum-Rapporteur: Mr. Steinar Lindberg (Norway)

D. Adoption of the report on credentials

(Agenda item 1(c))

139. At its 952nd plenary meeting, on 17 October 2003, the Board adopted the report of the Bureau on the credentials of representatives attending the fiftieth session (TD/B/50/13), thereby accepting the credentials.

E. Provisional agenda for the fifty-first session of the Board

(Agenda item 1 (d))

140. At the same meeting, the Board requested the UNCTAD secretariat to draw up a draft provisional agenda for the fifty-first session of the Board in the light of the outcome of UNCTAD XI and to submit it to consultations of the President following the Conference.

F. Appointment for 2004 of the members of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action

141. At its 951st plenary meeting, on 17 October 2003, the Board appointed the members of the Advisory Body for the period October 2003–October 2004, as follows: Mr. Sha Zukang (President of the Board); Mr. Iouri Afanassiev (Russian Federation); Mr. Sergei Aleinik (Belarus); Mme Naela Gabr (Egypt); Mr. Jaynarain Meeto (Mauritius); Mr. Patrick Krappie (South Africa); Mrs. Clemencia Forero Ucros (Colombia); Mr. Carlos Pérez del Castillo (Uruguay); Mr. Romel Adames (Panama); Mr. Ahmed M. Masoud Al-Riyami (Oman); Mr. Shaukat Umer (Pakistan); Ms. Barbara Rietbroek (Netherlands); Mr. Steinar Lindberg (Norway); Mr. François Leger (France); Ms. Jatta Jämsen (Finland).

G. Inclusion of national non-governmental organizations in the Register in conformity with Board decision 43 (VII)

142. At its 952nd plenary meeting, on 17 October 2003, the Board was informed that, after consultations with China, the Secretary-General of UNCTAD had decided to enter the China Society for Promotion of the Guangcai Programme (CSPGP) in the register of national non-governmental organizations.

H. Review of the calendar of meetings

143. At its 952nd plenary meeting, on 17 October 2003, the Board approved the calendar of meetings for the remainder of 2003 and the first half of 2004 and a tentative calendar of meetings for the second half of 2004 (TD/B/50/L.2).

I. Membership of the Working Party for the Medium-term Plan and the Programme Budget for 2004

144. At its 952nd plenary meeting, on 17 October 2003, the Board approved the membership of the Working Party for 2004, as follows: Belarus; Benin; China; Cuba; India; Italy; Japan; Mexico; Oman;

Pakistan; Poland; Russian Federation; Senegal; Spain; Switzerland; United Kingdom of Great Britain and Northern Ireland; United States of America; Venezuela; Zambia.

J. Administrative and financial implications of the actions of the Board

(Agenda item 10 (f))

145. At the same meeting, the Board was informed that there were no financial implications arising from the work of its fiftieth session.

K. Adoption of the report

(Agenda item 12)

146. At its 952nd plenary meeting, on 17 October 2003, the Board took note of the reports of Sessional Committee I (TD/B/50/SC.1/L.1) and Sessional Committee II (TD/B/50/SC.2/L.1 and Add.1) and decided to incorporate them in the final report of the Board on its fiftieth session.

147. At the same meeting, the Board adopted the draft report on its fiftieth session (TD/B/50/L.5 and Add.1–6), subject to any amendments that delegations might wish to make to the summaries of their statements. The Board further authorized the Rapporteur to complete the final report as appropriate and, under the authority of the President, to prepare the report of the Trade and Development Board to the General Assembly.

Annex I

Agenda for the fiftieth session of the Trade and Development Board

1. Procedural matters:

   (a) Election of officers;

   (b) Adoption of the agenda and organization of the work of the session;

   (c) Adoption of the report on credentials;

   (d) Provisional agenda for the fifty-first session of the Board.

2. Interdependence and global economic issues from a trade and development perspective: Capital accumulation, economic growth and structural change.

3. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010:

   (a) UNCTAD-wide activities in favour of least developed countries;

   (b) The expected impact of recent initiatives in favour of least developed countries in the area of preferential market access.

4. Economic development in Africa: issues in Africa's trade performance.

5. Review of developments and issues in the post-Doha work programme of particular concern to developing countries.

6. Technical cooperation activities:

   (a) Review of technical cooperation activities of UNCTAD (report of the Working Party on its forty-first session);

   (b) Consideration of other relevant reports: Report on UNCTAD's assistance to the Palestinian people.

7. Preparatory process for the eleventh session of the Conference:

   (a) Establishment of the Preparatory Committee;

   (b) Approval of the provisional agenda for the Conference.

8. Other matters in the field of trade and development:

   Progressive development of the law of international trade: thirty-sixth annual report of the United Nations Commission on International Trade Law.

9. Follow-up to decisions taken by the Board.

10. Institutional, organizational, administrative and related matters:

    (a) Report by the President of the Advisory Body, set up in accordance with paragraph 166 of the Bangkok Plan of Action on the implementation of courses by the secretariat in 2002-2003 and their impact; and the appointment of the members of the Advisory Body for 2004;

    (b) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

    (c) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

    (d) Review of the calendar of meetings;

    (e) Membership of the Working Party for 2004;

    (f) Administrative and financial implications of the actions of the Board.

11. Other business.

12. Adoption of the report.

Annex II

Provisional agenda of the eleventh session of the United Nations Conference on Trade and Development

1. Opening of the Conference.
2. Election of the President.
3. Establishment of a Sessional Committee.
4. Election of Vice-Presidents and the Rapporteur.
5. Credentials of representatives to the Conference:
   (a) Appointment of the Credentials Committee;
   (b) Report of the Credentials Committee.
6. Adoption of the agenda.
7. General debate.
8. Enhancing coherence between national development strategies and global economic processes towards economic growth and development, particularly of developing countries:
   (a) Development strategies in a globalizing world economy;
   (b) Building productive capacity and international competitiveness;
   (c) Assuring development gains from the international trading system and trade negotiations;
   (d) Partnership for development.
9. Other business:
   (a) Periodic review by the Conference of the lists of States contained in the annex to General Assembly resolution 1995 (XIX);
   (b) Report of the Trade and Development Board to the Conference;
   (c) Financial implications of the actions of the Conference.
10. Adoption of the report of the Conference to the General Assembly.

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